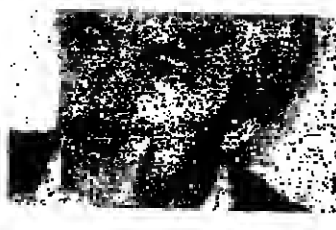

Logic suspended
Alarming realities in Crimea
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China clamps down on inflation
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FINANCIAL TIMES

Europe's Business Newspaper — THURSDAY MARCH 17 1994 — D8523A

Bundesbank calls for curb on local council spending

The Bundesbank has launched an attack on a root cause of inflation with a demand that west German local authorities act to stem rising deficits and local service charges by reducing their workforces, privatising more services and preparing for several years of belt-tightening.

The ceotral bank also warned the federal government to avoid loading extra burdens on to city and local administrations by forcing them to provide increasingly sophisticated services. Page 14

UK will not hold up EU expansion: The British government said last night that it would not allow the dispute over its blocking veto to jeopardise the enlargement of the European Union. French-German EU strains show, Page 14

Tapie to sell assets: Crédit Lyonnais has reached agreement with Bernard Tapie for the businessman-turned-politician to start selling much of his corporate and personal assets to repay the FFr1bn (($160m) he owes the bank. Page 15

Heron threatened again: The threat of receivership is again hanging over UK property and trading group Heron International, which completed a £1.4bn refinancing in September. A collapse in the Spanish property market has raised the risk of the group defaulting. Page 15

China on offensive in US trade row: China warned that the cancellation of preferential trade access to the US market would have devastating consequences for the Taiwanese and Hong Kong economies. Page 5, China takes one step back on prices, Page 4; Editorial Comment, Page 13

UAL buyout in doubt: The future of the $5bn employee-led buyout of UAL was placed in doubt when the US airline announced it had been unable to reach an agreement with its unions on definitive documentation for the deal. Page 15

UK operations help Thomson: Record publishing and UK travel earnings helped Thomson Corporation of Canada overcome the poor performance of its North American newspapers last year. Net earnings rose to US$277m, from $166m. Page 15

Banana row nears end: Costa Rica is expected to accept a plan to increase its access to the European Union banana market, ending a bitter dispute which began in July. Page 5

Environment fund accord near: Three days of negotiations in Geneva on setting up a $2bn Global Environment Facility to fund projects in developing countries were nearing a successful conclusion last night. Page 14

Asko back in the black: Asko, one of Germany's biggest retailers, reported net annual profits of DM432m ($256m) compared with a loss of DM462m in the preceding nine-month period, but will not resume dividend payments on ordinary shares until the end of the year. Page 20

ICL profits fall by 40%: Restructuring charges, higher interest payments and weak markets depressed 1993 pre-tax profits at ICL, UK-based computer company owned by Fujitsu of Japan by 40 per cent to £23.4m ($34.2m). Page 24

Tokyo says US is violating air accord: Tokyo accused the US of violating an air accord by failing to approve a scheduled Japanese airline flight to Hawaii just two days before it was scheduled to go into operation. Page 5

Rhône-Poulenc, French chemicals and pharmaceuticals group, ruled out an increase in its FFr2.8bn ($486m) bid for Co-operation Pharmaceutique Française, distributor of drugs and healthcare products. Page 16

Groupe Bull, French computer group to be privatised this year, has made restructuring provisions of FFr1.65bn ($286m), taking total net losses for 1993 to FFr5.07bn. Page 16

Australia puts on 4% growth: The Australian economy grew by 4 per cent in 1993, the strongest annual growth for five years, the Australian Bureau of Statistics said. Page 4

Westland accused of inflating prospects: GKN accused Westland, the UK helicopter manufacturer, of inflating its order prospects in an attempt to fight off a £497m ($726m) hostile takeover bid by the engineering and industrial services group. Page 22

Balladur reforms anger unions: France's big union federations will today demonstrate against the Balladur government's new law permitting young apprentices to be paid less than the minimum wage. Page 2

STOCK MARKET INDICES

FT-SE 100:	3,242.9	(-24.5)
Yield	3.73	
FT-SE Eurotrack 100	1,468.28	(-3.07)
FT-SE-A All-Share	1,636.52	(-0.6%)
Nikkei	20,677.77	(+168.92)
New York lunchtime:		
Dow Jones Ind Ave	3,844.98	(-4.61)
S&P Composite	466.98	(-0.03)

US LUNCHTIME RATES

Federal Funds:	3¼%
3-mo Treas Bills: Yld	3.622%
Long Bond	92½
Yield	6.842%

LONDON MONEY

3-mo Interbank	5⅛%	(same)
Liffe long gilt future:	Mar 111¼	(Mar 113)

NORTH SEA OIL (Argus)

Brent 15-day (May)	$13.635	(13.595)

Gold

New York Comex (Apr)	$385.6	(387.6)
London	$385.9	(386.25)

STERLING

New York lunchtime:		
$	1.4930	
London:		
$	1.4919	(1.4915)
DM	2.5227	(2.53)
FFr	8.5762	(8.5984)
SFr	2.1394	(2.15)
Y	157.769	(158.323)
£ Index	80.5	(80.7)

DOLLAR

New York lunchtime:		
DM	1.6890	
FFr	5.7425	
SFr	1.4315	
Y	105.815	
London:		
DM	1.691	(1.6963)
FFr	5.7485	(5.765)
SFr	1.434	(1.4415)
Y	105.750	(106.150)
$ Index	66.2	(66.3)

Tokyo close Y 105.83

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lw25.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk8.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr18
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00
France	FFr9.00	Kuwait	Fils625	Poland	Zl 32,000	Tunisia	Din1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal	Esc225	Turkey	L13000
						UAE	Dh12.00

France forces Brussels to back down on fish prices

By Lionel Barber in Brussels

A late-night French threat to block Norway's entry into the European Union produced a rapid pay-off for Paris early yesterday with Brussels announcing a two-month extension of minimum prices for fish imported into the EU.

France's strongarm tactics forced a U-turn by the European Commission which 24 hours earlier had refused to extend crisis measures to prop np fish prices.

The Commission's retreat will upset fish exporters in the US and eastern Europe but offers a breathing space to the French government, which has struggled to contain violent protests by its fishermen against cheap imports.

Mr Alain Lamassoure, French minister for European affairs, said he had intervened with Mr Jacques Delors, president of the European Commission, during a marathon negotiating session on Norwegian accession to the EU which ended early yesterday.

"I made it quite clear this was a condition for our agreement to Norwegian membership, and especially on the fish arrangements with Norway," Mr Lamassoure told French-Info radio.

The Freoch threat was successful, and shortly before midnight Norway and the EU reached agreement on fishing rights. But a final accord on the terms of entry for Sweden, Finland, Austria and Norway remains elusive because of Anglo-Spanish objections to power-sharing arrangements in an expanded Union.

Minimum import prices are the reference prices which the EU uses to monitor the market. They will apply to imports of cod, haddock, hake, angler, coley, Alaskan pollack and salmon.

The crisis measures are identical to those imposed a year ago when Breton fishermen ransacked warehouses and orchestrated a shutdown of French ports. Two months ago, minimum prices were restored after Breton fishermen burned dowo their historic parliament building in Rennes.

Last week, Mr Ioannis Paleokrassas, Greek commissioner responsible for fishing, provoked a furore in France by indicating he would allow the minimum import prices to lapse. He argued that the measures should be temporary because they did not address the structural weaknesses of the industry,

Mr Paleokrassas shifted position on Tuesday night after being drawn into the conversation between Mr Delors and Mr Lamassoure, according to a Commission spokesman.

A second Commission official said "new elements" had entered the discussion. These included British and Dutch concerns about cheap imports from eastern Europe which were entering the EU via Sweden. Also, fresh data showed EU fish prices for cod, one of the most important fish species, continued to fall in 10 member states last month. In France and Belgium, however, cod prices were stable.

The decision to extend minimum import prices will cooe into effect later this week, and will apply until May 17. The move will be reviewed at a meeting of EU fisheries ministers in Luxembourg on April 12.

Separately, the French government has introduced delayed inspection of US fish exports, prompting protests from Washington. It has also launched a FFr10m ($1.7m) advertising campaign to persuade consumers to eat more fish, a promotion funded partly by the European Union.

Sanctions against Serbia to be phased out in return for concessions

Russia, US say Bosnia peace deal is in reach

By Judy Dempsey in London and Laura Silber in Belgrade

Washington and Moscow believe they are within days of reaching an overall peace plan for former Yugoslavia.

Part of the complex settlement involves Serbia recognising the pre-war borders of the republic of Croatia and giving up some Croatian territory it gained in the war in Croatia which ended in January 1992.

The other part involves acceptance by Washington and Moscow that territory in eastern Bosnia held by Bosnian Serbs will enter into a loose union with Serbia proper. Underpinning this plan is an acceptance by Serbian president Slobodan Milosevic to make some concessions in return for the the west gradually lifting sanctions against Serbia.

The involvement of the US and Russia has been a key to getting the warring factions closer together.

US State Department officials are preparing public opinion – and the United Nations – to consider phasing out sanctions in an attempt to end the war in the Balkans. The negotiated compromise would mean the US would no longer have to fulfil its commitment to send ground troops into Bosnia to oversee the implementation of any peace plan.

Mr Stephen Oxman, assistant secretary of stata, said any moves to ease sanctions would be linked to "positive steps taken by the Serbs in the negotiating process".

Although both US and UN officials were reluctant to say when the sanctions would begin to be lifted, they said a meeting in Croatia next week could tip the balance in favour of peace.

Serbs from Krajina, the self-styled republic in south-western Croatia, will meet Croatian officials at the Russian embassy in the Croatian capital, Zagreb. This is the first meeting of its kind since Croatia broke away from the Serb-dominated Yugoslav federation and declared its independence in June 1991.

Mr Vitaly Churkin, Russian special envoy to the region, met Mr Milan Martic, leader of the Krajina Serbs, in Belgrade yesterday to explain the goal of next week's meeting.

Mr Churkin said the agreement would end military and other hostilities between Croats and Serbs in Croatia. But UN diplomats said it would also involve Serbia making some territorial concessions.

Mr Martic still insists that the Krajina Serbs would never live in an independent Croatia and that the region should be linked to Serbia proper through corridors stretching across Serb-held territory in north and eastern Bosnia.

However, Mr Milosevic, whose government ooce provided Krajina with a military and economic lifeline, is increasingly inclined to break Belgrade's links with Krajina, and recognise Croatia's current borders, in return for getting sanctions lifted.

In return, Russia will insist that if Croatia wants control over Krajina, it must grant extensive autonomy to the Serbs.

"There cannot be genuine peace in Bosnia-Hercegovina if tensions remain in Krajina," said Mr Churkin.

The future status of Bosnia will also be discussed tomorrow in Washington between Mr Churkin and Mr Charles Redman, the US special envoy to the former Yugoslavia.

Bosnia's Croats and Moslems are expected to sign a draft constitution for a new federation in one part of Bosnia, and a "general framework" for a confederation with Croatia.

The Bosnian Serbs, who control about 70 per cent of Bosnia, remain reluctant to join the federation. Instead, UN diplomats said Washington and Moscow are likely to accept the Bosnian Serbs having a special relationship with Serbia as the price to be paid for an overall peace settlement.

"What is taking place between Washington and Moscow is a sophisticated, diplomatically sanctioned carve-up of Bosnia," said a senior UN official.

Malaysia PM says 'die is cast' over UK ban

By Robert Peston in London

Hopes of an early end to the Malaysian government's ban on trade with the UK receded last night, when Dr Mahathir Mohamad, the Malaysian prime minister, said there would be "no contracts in exchange for British Press freedom to tell lies".

In his most detailed explanation to date of the reasons for the ban, Dr Mahathir says in a letter to the Financial Times that the "die is cast".

Malaysia decided three weeks ago to deny any future government contracts to UK companies because of its anger at British press reports of alleged bribes offered to Malaysian politicians and disclosures of a link between a £1bn defence contract won in 1988 and £234m of British aid for the Pergan hydroelectric dam. The contracts freeze could cost UK companies hundreds of millions of pounds in lost business.

Dr Mahathir says: "If yon have scruples, don't sell arms at all . . . When arms are sold, long-term payments or offset programmes or special terms are invariably offered by everyone.

He adds: "It has never been proven conclusively that it [the Pergau loan] was for the arms purchase."

He also says that the benefit for Malaysia of receiving the Pergan loan at a subsidised interest rate, of 0.8 per cent, was "marginal". Malaysia could have got similar terms from other countries such as Japan, he says.

If the subsidised loan had not been offered for Pergan, work on the dam "could have gone to non-British companies". The leading contractors on the dam are the British construction groups Trafalgar House and BICC.

Dr Mahathir is convinced that the British media portrays Malaysians as "corrupt" because "they are not British and not white". "The allegation against the Malaysian prime minister has turned out to be baseless," he comments.

He singled ont the Sunday Times, which alleged that Malaysian politicians had been offered bribes by the construction company Wimpey, for attack: "The Malaysian prime minister need not subscribe to that even as Andrew Neil [editor of the Sunday Times] did not accept reports on his affair with Pamela Bordes."

Mr Neil said last night: "The letter betrays a very confused mind". He said Dr Mahathir had not addressed the allegations made in last weekend's Sunday Times that the Pergau loan had indirectly enriched Malaysians close to the government, because it had been paid to an electricity company which was privatised soon afterwards.

Letters, Page 12

Nordic refiner OK Petroleum sold to Saudi for $1.2bn

By Christopher Brown-Humes in Stockholm and Robert Corzine in London

OK Petroleum, the Nordic region's biggest oil refining group, was yesterday sold to Sheikh Mohammed Al-Amoudi, a Saudi Arabian businessman, in a deal worth $1.2bn.

OK has two refineries on Sweden's west coast, with a combined refining capacity of 265,000 barrels a day. It accoumts for 23 per cent of Nordic refining capacity, and about 60 per cent of output is exported.

The current owners are Sweden's KF co-operative group, which owns 52 per cent, and Neste, the Finnish oil company, and the Swedish state, each with 24 per cent. Thay will receive $750m for the equity, with assumed dabts making up the rest of the price.

The OK purchase is being carried out through a private company, Corral Petroleum Holdings. The state-owned Saudi Aramco group had considered buying OK Petroleum last year, but the relatively small number of retail outlets included was thought to have deterred it.

The Saudi link should provide OK Petroleum with strong financial backing for further investment. Industry observers said it was not clear whether the private Saudi interests would have preferential access to Saudi crude oil, which is produced by a state monopoly.

"Our intention is that OK Petroleum should grow within its current area of operation", said Mr Ghazi Habib, who will represent the sheikh on the OK board. Mr Habib is a former head of Samarec, the Saudi refining and crude marketing company which was merged with Saudi Aramco last year. OK's Swedish base and management will be retained.

The deal includes storage facilities, stakes in several hundred retailing outlets and some upstream operations. It excludes around 650 OK petrol stations which are owned independently.

OK Petroleum was founded in 1986 by a consortium including Neste. Last year net profits were SKr552m ($70m) after SKr41m a year earlier, after sales increased to SKr19.5bn from SKr16.0bn.

Sheik Al-Amoudi, who is a member of a merchant family from Jeddah, has not previously been involved in the oil business, although he has had business dealings in Sweden for more than 20 years, including involvement with the Swedish construction company ABV.

N Korea nuclear site deal near collapse

By John Burton in Seoul and Patrick Blum in Vienna

A deal to resolve suspicions about North Korea's nuclear programme appeared to be on the verge of collapse yesterday after the international Atomic Energy Agency confirmed its inspectors had been unable to carry out some checks on one of the nuclear sites.

"Important measures agreed to in writing before the team went [to North Korea] were refused," an agency said. This was particularly the case at the Yongbyon radiochemical laboratory. "As a result the agency was not in a position to verify there had been no diversion of nuclear material at the facility."

The IAEA will hold a special meeting of board member states on Monday to decide on a response to obstructions.

The US state department said last night that a high-leval meeting between Washington and Pyongyang officials on possible diplomatic recognition was unlikely to go ahead next Monday because of the restrictions placed on the IAEA inspectors.

The IAEA said six experts of its

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CONTENTS

IMF chief steps into Russia's gathering economic storm

By John Lloyd in Moscow

These are hard times in Russia, and fears are growing that the country is becoming ungovernable, or governable only with an iron hand.

Mr Michel Camdessus, managing director of the International Monetary Fund, arrives in Moscow today for a five-day visit whose rarity testifies to the urgency of the times. It is a crisis compounded of political drift, a largely absent president and a swathe of problems untackled and festering: at root, however, it is economic.

The credit squeeze of last year has worked. Inflation came down last month to 10 per cent, half of January's figure. But industrial production was also down, by 24 per cent against February 1993 as a result of the squeeze.

This may continue. Russian officials say Mr Victor Gerashchenko, the central bank chairman, has massively undershot the credit targets recommended by the government's Credit Committee, advancing only 40 per cent of the total agreed. Though the motives of one who has always called for large credits in order to prevent industrial collapse are unclear, the result is that the squeeze is likely to continue.

The budget agreed by the government – but not yet passed by parliament – is similarly tough. It proposes expenditure of around Rbs180,000bn, and an income of Rbs120,000bn – the deficit is as much as 10 per cent of gross national product (on IMF calculations, more like 16-17 per cent).

But on these figures, say the main powers in the land, there is no way of maintaining social order or production. General Pavel Grachev, the defence minister, yesterday publicly complained that the Rbs37,000bn put by for the military on the 1994 budget was less than half of what they needed. "If the situation does not change, there can be no talk not only about reforming the army, but about providing for Russia's security as well."

He estimated that if the sum were not increased, the arms ordered would have to be cut back by one quarter – decimating the already fragile military industrial plants.

The energy, agricultural and regional leaders have not yet made their demands public in this way – but they will be of the same order. The possibility of holding the line looks slim.

Yet on the income side, the picture is worse. Budgeted revenues of Rbs120,000bn now look impossible to attain – since government income is now running at Rbs70,000bn-Rbs80,000bn a year and, in the words of one western financial expert, "there is no reason why it should get any better".

This is the potentially horrifying situation into which Mr Camdessus steps today. Russian officials say he is now under pressure from the Group of Seven industrial countries to deliver aid: senior G7 officials say this is not so, pointing to a discussion in Frankfurt last month at which it was agreed that the Fund should make up its own mind and insist on the observation of conventional criteria.

Certain it is that the managing director brings no panacea: however, he does bring a slender lifeline of the second half – $1.5bn – of the $3bn systemic transformation facility set up after last year's Tokyo IMF summit to provide rapid loans to Russia, though he may not be able to throw it if the government cannot convince him and his officials that the budget is credible.

Mr Camdessus is deeply concerned with Russia – the largest and most intractable problem the Fund has to deal with. But while IMF officials have found their engagement with the Russian government earlier this year wearing, they and other western finance officials have been impressed by the seriousness of the Russian leadership's approach to reform. These people now acknowledge that the prime minister, Mr Victor Chernomyrdin, conventionally viewed as a conservative, energy-lobby man, has become a convert to tight budgets.

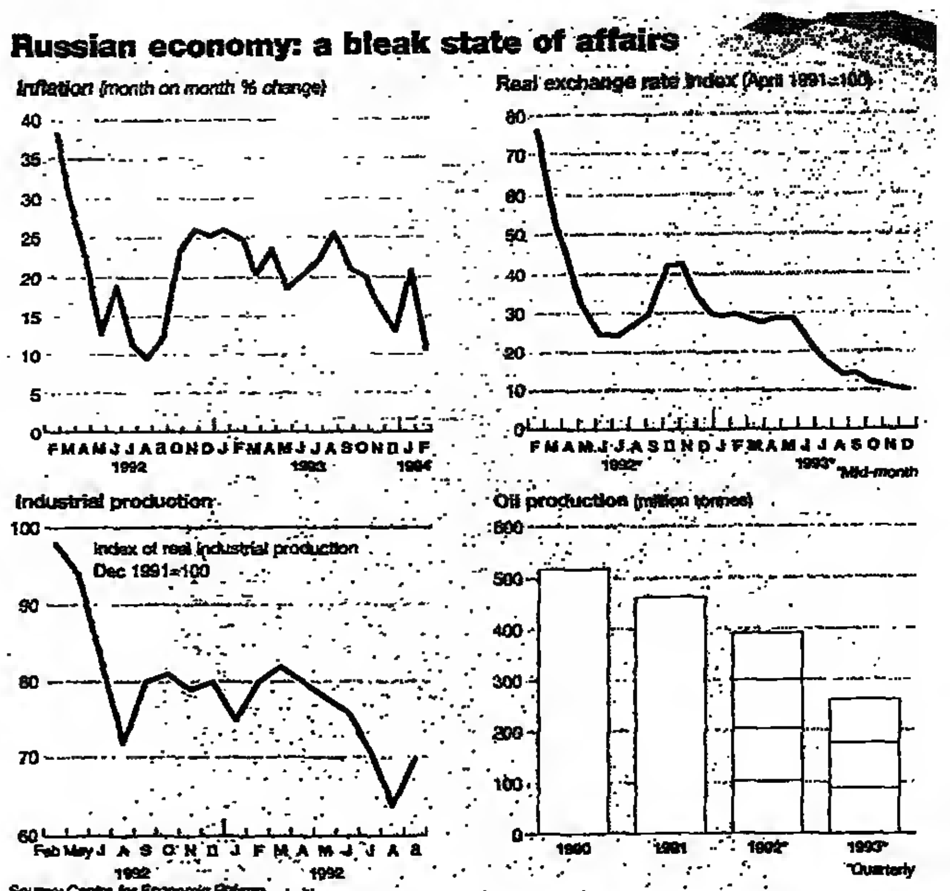
This message was conveyed to Mr Camdessus, and to senior World Bank officials, earlier this year by the Swedish financier and investor, Mr Peter Castenfelt, whose company, Archipelago Enterprises, is actively involved in the Russian market. After their meeting in Washington, Mr Camdessus was invited to Moscow to see for himself.

Mr Castenfelt, named in February as an unpaid adviser to the Russian prime minister on enterprise issues, said yesterday: "I believe these people are very tough and want to continue enterprise reform. They are faced with huge problems, and this budget is murder for the companies – but I am sure they will go to great lengths to stick to it."

If they do so, they risk a great deal. The Russian power structure has at its apex – President Boris Yeltsin – off at the Black Sea resort of Socchi for a two-week recuperation from flu after two and a half months of exceptionally low profile. Many in the parliament, including relatively sympathetic figures such as Mr Grigory Yavlinsky, head of the Yabloko group, point to the dichotomy between a president with exceptional powers in the constitution and no apparent will to use them.

Calls for a firm hand have reappeared. A Yeltsin ally, Mr Vladimir Shumeiko, chairman of parliament's upper house, has proposed a state of economic emergency.

This is the deepest economic crisis Russia has yet faced: It will make the next few months dangerous indeed.



British stonewalling puts EU enlargement at risk

The UK's obduracy on voting rights is absolutely untenable, say other EU members. 'The sooner they realise the better'

By David Gardner in Brussels

The message was more polite than might have been expected, but no less clear for that. The British government has been told by its European partners that if it continues its obduracy over voting rights in the EU Council of Ministers, the Union will move backwards into crisis rather than forward to an enlarged membership of 16.

EU foreign ministers put off any showdown until Tuesday, when they will have another go at resolving the votes dispute, the precondition for Sweden, Finland, Austria and Norway to join the Union next January.

In this week's long meeting, however, anger with the UK was widely aired. Mr Alain Lamassoure, France's European affairs minister, accused Britain of wasting time. "The final result is not in doubt," he said. "The sooner they realise that the better."

Mr Niels Helveg Petersen, foreign minister of Denmark, which sparked off the Maastricht treaty crisis with which this dispute is now being compared, said: "The British position is absolutely untenable." He invited the UK to call its partners when it had reconsidered, as though this was inevitable.

But real concern that the EU was slipping into crisis cut short Britain's time in the dock. "There was an acceptance that when you're up against a stone wall, there's no point kicking people around the place," as Mr Dick Spring, the Irish foreign minister, put it.

Britain's partners, led by Mr Klaus Kinkel, the German foreign minister, instead worked intensely to find a formula on voting which the UK, and its ally Spain, could accept. Mr Kinkel twice saw Mr Douglas Hurd, the UK foreign secretary. But the British, for the moment, are refusing to be drawn on any of the ideas being floated.

Mr Hurd left the meeting saying only that "we and the Spanish are holding firm to the same position".

The UK wants to change the percentage of weighted votes in the Council of Ministers needed to block EU decisions. The position now is that 30 per cent of the votes – distributed among member states in rough proportion to their size – can form a "blocking minority".

Britain and Spain's partners argue that this means the current blocking minority of 23 votes out of 76 should move to 27 out of 90 once the Nordic and Alpine countries come in. Similar adjustments have accompanied all previous enlargements.

Spain is happy to see the threshold at which EU decisions can be blocked raised to 27 votes – except when three member states, who together have 23 votes and represent more than 100m inhabitants, oppose or abstain on a measure. UK officials say privately they could accept this.

But the European parliament, which must ratify the accession treaty by May 4 to meet the January 1995 enlargement deadline, says it will not accept this additional brake on EU decision-making.

The secretariat general of the Council – which crafted the legal protocols which enabled Denmark to re-present the Maastricht treaty to its voters in a new wrapping – is therefore suggesting as a compromise a sort of "delaying minority".

Under this formula, 27 votes would be the threshold, but where a block of 23 votes had emerged in opposition, a two-month grace period would be granted to seek a consensus. This regime would last until the voting question is re-examined in the constitutional review in 1996.

There are already variants of this sort of formula, and difficulties which can be found with all of them. Spain's lawyers point out, for example, that any such amendment to the internal rules of procedure of the Council could be overturned by a simple majority of member states. A firmer anchor, such as a legal protocol enshrining transitional rights for the smaller minority, would be needed, one Spanish official said.

But one senior EU diplomat warned early yesterday that Britain was angling for a formula "which prejudges the 1996 review" on decision-making and power-sharing, predicting that neither the 10 nor the European parliament would stomach this.

Publicly, at least, British officials seem almost insouciant in their refusal to give anything away. "It's a bit like Micawber," one official said. "We're waiting for something to turn up."

Norway's opposition says referendum No vote likely

By Karen Fossli in Oslo and Hugh Carnegy in Stockholm

Norway's main opposition Centre party yesterday denounced Oslo's accession agreement with the European Union as a sell-out and predicted a repeat of 1972 when the electorate narrowly rejected an earlier application for EU membership in a bitterly divisive referendum.

"This will be a fight on whether Norway will continue to be an independent nation or whether we will hand ourselves over to a union," declared Mrs Anne Inge Lahnstein, the party leader.

Other powerful anti-European Union groupings comprising farmers and fishermen also said they would fight against membership, ensuring the expected tough battle for the minority Labour government in a new referendum despite its insistence that it won a good deal, particularly on the highly sensitive issues of fish and agriculture.

Like fellow Nordic EU applicants Finland and Sweden, Norway is unlikely to set a referendum date until the remaining row over enlargement within the EU's existing ranks is resolved.

But Finland is expected to vote in September or October, with Norway preferring to wait until after Finland and Sweden have voted.

There remains sharp disagreement in Sweden over the referendum date. Mr Carl Bildt, the prime minister, favours June or general election day in September, but Mr Ingvar Carlsson, leader of the opposition Social Democrats, said yesterday the dispute in Brussels over post-enlargement voting rights strengthened the argument for delaying at least until the autumn.

The internal EU row over enlargement is likely to stiffen the strong anti-EU movements in the three countries which remain strong despite recent opinion poll swings towards the Yes camp.

In Norway, where opposition is most entrenched, opposition groups said the government had sacrificed vital national interests by agreeing to a deal which would flood the country with cheap food imports and give away fish to countries which had mismanaged their own resources.

Mr Einar Hepsoe, head of the Norwegian fishermen's association, said Norway had lost on all accounts. "This accord is worse than I feared when we began negotiations," he said.

Journalist questioned on Berlusconi scandal leak

By Robert Graham in Rome

Fresh controversy has blown up over illicit payments on football player transfers allegedly made by the Fininvest group, owned by Italy's aspiring politician Mr Silvio Berlusconi.

The row has been simmering since last Wednesday when Tv5, one of Fininvest's three national television channels, announced that Milan magistrates had sought authorisation to arrest six senior Fininvest executives. The arrests were allegedly connected to the payment of undeclared sums on the transfer to cup-winning AC Milan of Turin's prize player 'Gigi' Lentini in 1992.

Milan magistrates immediately claimed the news had been deliberately leaked and took possession of a copy of the Tv5 video of the announcement. They suspected the news was made public to avoid high profile arrests of persons linked to Mr Berlusconi at a sensitive moment in the campaign for the March 27 general elections.

Yesterday, the magistrates interrogated a Tv5 journalist about the leak, a day after a Milan judge declined a request for the arrest of the six Fininvest officials. It was later announced that the journalist was formally under investigation for aiding and abetting.


Berlusconi: "persecuted"

Arrest warrants are usually issued in corruption cases if there is reasonable proof indicating suspects might leave the country or tamper with evidence. In the wake of the leak none of the Fininvest people under investigation left the country, and thus the arrest warrants could not easily be justified.

The Fininvest officials included Mr Marcello Dell'Utri, the head of Publitalia, the advertising arm of Fininvest, and the organisational core around which Mr Berlusconi's Forza Italia political movement has been built. Mr Dell'Utri is part of Mr Berlusconi's inner circle and they have known each other since student days. He is widely credited with having helped persuade Mr Berlusconi to enter the political ring.

Mr Berlusconi himself has claimed he and Fininvest are being persecuted by the Milan magistrates in a political vendetta. However, yesterday the magistrates let it be known they were continuing their investigations into the transfer operations of AC Milan.

A former head of Turin football club has alleged that at least L6bn ($3.6m) was paid through foreign banks to secure the Lentini transfer – on top of the sum officially declared.

Balladur reforms anger unions

By David Buchan in Paris

France's big union federations will today mount a rare show of unity in demonstrating against the Balladur government's new law permitting young apprentices to be paid less than the minimum wage.

Individual union federations and students unions have held repeated protests at the contrat d'insertion professionelle (CIP), which passed relatively unnoticed into law last autumn as part of the government's labour reforms but provoked a union outcry when implementing decrees were published last month. The communist-leaning CGT federation, for instance, demonstrated alone last Saturday against the CIP, but is joining the three other main union movements in today's action.

Mr Balladur has said he will not go beyond the concessions he made to unions on March 3, when he promised that young people under 26 with diplomas would not be paid less than the so-called Smic minimum wage (currently FFr5,600 [£641] a month), or less than 80 per cent of any sectoral wage agreement. He also promised a tighter definition of the "tutoring" of young workers under the law.

But these concessions have not appeased the unions, with Mrs Nicole Notat, head of the moderate CFDT union federation taking the line this week that "it is not for the young to pay for their training".

While repeatedly promising not to introduce a cut-price "youth wage", Mr Balladur clearly thought – at least until last month – that he had quietly got away with doing just that in the guise of this CIP. In addition, the pre-March 3 formulation of the law aroused concerns among the educated young that their diplomas were being effectively devalued, since those with university degrees could be paid as little as those without paper qualifications. At the same time, older workers are anxious lest the young take their jobs.

In the circumstances, this Sunday's first round of departmental elections threatens to become a national referendum on government policy. Departmental by-elections over the past year have run strongly in favour of the governing coalition, but with Mr Balladur's own poll standing in decline after rows over education reforms and now labour reforms, this trend could well be reversed.

The CIP issue may, in fact, be raising exaggerated fears and hopes in all camps. Taking a formally neutral stance on the issue, the Patronat employers' federation has leading members who question the CIP's value as a generator of jobs for those under 26 who represent a quarter of France's 3.3 unemployed. They would far prefer a rapid reduction in interest rates or a speedy switch in welfare costs from company payrolls to the budget. But Mr Balladur is now constitutionally committed to letting the Bank of France set interest rates, and politically committed to reducing the budget deficit.

Mr Didier Maillard, Paribas' chief economist, yesterday commented that the CIP measure was a step in the right direction, because "structural rigidities relating to wage costs for less-skilled, among them inevitably many younger workers, are responsible for 8-9 percentage points" of the jobless rate of 12.2 per cent.

He pointed to the fact that since the Smic was created in 1970, successive governments have increased its level by 98 per cent, while under a strict application of the original 1970 formula it would only have risen by 32 per cent.

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EUROPEAN NEWS DIGEST

Denmark must repay illegal tax

Denmark's Supreme Court yesterday ordered the government to repay a company DKr800,000 (£80,000) in taxes ruled illegal by the European Court, but it failed to set a clear precedent for other companies on DKr55bn levied in total in illegal taxes between 1988 and 1991. The court ruled that Bose Danmark, the subsidiary of an American loudspeaker company, should have the tax repaid on the grounds that the tax caused the company a loss. But it ruled against a second company, Denkavit, which sold milk substitutes to farms, because the company proved no loss.

The tax, known as the labour market contribution, was a special 2.6 per cent addition to value added tax and replaced a wage bill tax. The effect was to benefit exporting companies (VAT is not paid on exports) and to penalise importers and companies with mainly domestic sales. The European Court ruled last year the tax was illegal because it was discriminatory. Mr Ole Stavad, minister for taxation, welcomed the ruling, but said that it was unclear how much money the government might have to repay. *Hilary Barnes, Denmark.*

Italian insider trading case

Italy's first insider trading case is set to start today when Mr Luigi Busiello, a financial products sales manager, goes on trial in Rome. The case has been brought under a law implemented three years ago. Mr Busiello, an employee of the Fideuram sales network controlled by IMI, is alleged to have traded in the shares of Banca Manusardi in 1991 in the knowledge that Fideuram and Banca Manusardi were shortly to merge. He is alleged to have invested about L170m (£68,880) and made a profit of a few million lire.

Mr Busiello faces a maximum penalty of a year's imprisonment and a L300m fine which could be tripled at the judge's discretion. The Consob stock market watchdog, which sees the insider trading law as part of reforms to increase investor confidence, has also pursued investigations against a second defendant due to go on trial in Milan in April. *John Simkins, Milan.*

French MP keeps immunity

The French parliament declined to lift the immunity of Mr Michel Noir, mayor of Lyons, under investigation on suspicion of diverting city funds to finance his election campaign. A Lyons judge had asked parliament to lift Mr Noir's immunity so that he could be placed under judicial control, which could involve restricting his movements, barring him from contact with other persons in the case and possibly making him pay bail. Mr Philippe Séguin (left), president of the National Assembly, said the assembly's standing committee had ruled that, under the constitution, parliament's authorisation was required only if a member was to be arrested. "The request said that the committee's authorisation was sought only for the measures involved in judicial control," Mr Séguin said. Only if Mr Noir violated bail terms set by the judge and was subject to arrest would the assembly's permission be required, he added. *Reuter, Paris.*

Unilever acquisition cleared

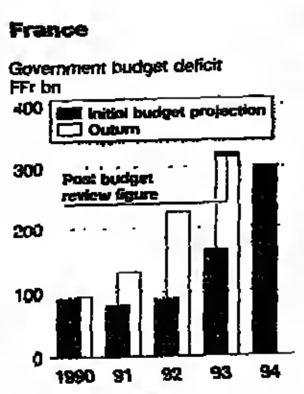
The European Commission approved the acquisition by Unilever, the international food group, of the European frozen food group Safral, whose subsidiaries are active in the French, German and Belgium ice-cream market. The merger is expected to give Unilever almost 50 per cent of the ice-cream market in France. This would not constitute a monopoly, the Commission said, since the market was already competitive and fragmented, split between the restaurant and street trade, and scoop and "instant whip" ice-creams. "The characteristics of the market do not lend themselves to the creation of an interdependent oligopoly," the Commission said. Separately, the Commission said it would examine whether FFr667.5m (£76.5m) in loans and subsidies to Cellulose du Rhône et de l'Aquitaine, a French paper pulp manufacturer, were illegal state aid. *Gillian Tett, Brussels.*

Swedish health row deepens

A row over healthcare reforms and pay which has led to a series of strikes by Swedish doctors deepened yesterday as the Swedish Medical Association called 2,600 doctors out on a two-and-a-half day stoppage next week in the north, centre and south-west of the country. With talks deadlocked, it is set to be the third action of its kind in recent weeks in selected hospitals and health centres that have led to hundreds of postponed operations. The medical association, which represents 95 per cent of Sweden's doctors and surgeons, is objecting to proposals to sack doctors who are not selected by at least 1,000 patients *Hugh Carnegy, Stockholm.*

ECONOMIC WATCH

French deficit growth slows



The French budget deficit last year stood at FFr315.7bn (£36.2bn), widening from 1992's deficit of FFr226bn, but FFr1.9bn below a previous official estimate. Budget minister Nicolas Sarkozy said government policy and the stirrings of economic recovery had put a stop to the upward drift in the budget deficit. He said the Treasury's receipts were above expectations last year, outstripping higher spending than expected. He said the sharp fall in interest rates had allowed the state to save FFr16.5bn on debt servicing.

■ Germany's income from federal and state taxes rose 2.4 per cent last year to DM697.99bn (£271.5bn), of which general tax income rose 4.9 per cent to DM562.27bn. Western German wholesale prices rose 0.5 per cent in February and were up 0.3 per cent from a year earlier.

■ Eastern German unit labour costs remained 44 per cent higher than those of western Germany in 1993, despite a sharp rise in the region's productivity.

■ Unemployment in the Netherlands surged 115,000 in the three months to February to around 495,000 from a year earlier, its highest since early 1988, and just over 7 per cent of the workforce.

Spanish Socialists seeking inspiration

The party's conference in Madrid will concentrate on renovating a jaded image, writes **David White**


Party schism: Alfonso Guerra was formerly the right-hand man of Prime Minister Felipe González

The slogan for the Spanish Socialist Workers' party conference starting in Madrid tomorrow – "Socialism's new impetus" – is indicative of nothing except that, after more than 11 years in power, the party is running out of slogans.

Nine months ago the Socialists rather surprised themselves by winning a fourth consecutive term – although without an absolute majority and now uncomfortably dependent on parliamentary support from Catalan nationalists. This time there will be no triumphalism at the conference, the party's first since 1990 and the most difficult that Mr Felipe González, the prime minister, has faced since he first swept into office.

The party needs to patch together a semblance of unity before preparing its campaign for European elections in June and a regional poll in Mr González's home territory of Andalucia at the same time. Its image is jaded, having lost a large part of the urban and young vote to the conservative Popular party.

Searching for the first glimmers of economic recovery after the recession of 1993, Mr González wants to bring the party firmly into line behind government policies for controlling the budget deficit and curbing welfare abuses. The draft policy statement for the conference is clear about the party's role: "The party should support the government and be an instrument for explaining its actions to society."

Heated argument over the easing of Spain's notoriously restrictive labour laws has abated, with reform legislation on its way through parliament, undeterred by a one-day national protest strike seven weeks ago. The voice of the Socialist-led General Workers' Union (UGT) has in any event been muted by embarrassment over the collapse of a union-backed housing co-operative.

Other ideological battles – notably over the welfare state and regional policy – are likely to be eclipsed in the public eye by personal struggles for influence in the party hierarchy. The big question is how much power remains in the hands of Mr Alfonso Guerra, the long-standing party number two, and his allies.

Mr Guerra was the shadow following Mr González into office: behind-the-scenes organiser, holder of the party reins, architect of election victories. Mr González was the engaging figurehead, the communicator. Friends from student days, the two men have grown apart. They are now like an estranged couple trying to keep up appearances.

Mr Guerra resigned as deputy prime minister three years ago over allegations surrounding his younger brother who, with Mr Guerra's permission, used a government office in Seville to run a business. Despite the affair, which supporters see as victimisation, he has retained a following. His brand of orthodoxy – although not the purist left wing of the party – continues to have appeal, especially in backward areas such as Extremadura, in the south-west.

To opponents he represents an outdated style of party discipline and clannishness. No longer with a representative in the cabinet, the Guerra faction has a limited power base among the regional party "barons", about 30 per cent among the nearly 900 delegates due to attend the conference.

The dominant group among the delegates – mostly teachers, civil servants, lawyers and economists - goes by the label *renovadores* or "renewers". Back in 1974, near the end of the Franco era, when the young Mr González became party leader at a conference in the Paris suburb of Suresnes, the *renovadores* were the new blood taking over from the exiled *históricos*. The tag now refers broadly to advocates of an open party organisation and free-market policies. But it covers a range of opinions. The only common bond is opposition to Mr Guerra.

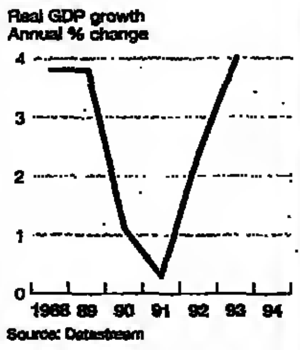
In previous conferences, Mr Guerra drew up the list of candidates for party office. This time, for the first time, Mr González is doing it himself. Mr Guerra has threatened to stand down if the party executive is not "balanced". But there have been efforts over the last few days to achieve a consensus between the different factions to avoid an open break. It is a fairly safe prediction that the 52-year-old Mr González will get his way. The party is closely identified with him, and he now seems intent on maintaining his hold for several more years.

Wooed, among others, by German Chancellor Helmut Kohl as a successor to Mr Jacques Delors as president of the European Commission, Mr González told Mr Delors last month that Brussels was not in his plans.

For all its talk of "renewal", the party has failed to renew itself by promoting a new generation. And even in Mr González's generation there is nobody who could easily now fill his shoes, either in government or in opposition.

Economy shows growth of 4% in Australia

By Nikki Tait in Sydney



The Australian economy grew 4 per cent in 1993, the strongest annual growth seen for five years.

According to the Australian Bureau of Statistics, gross domestic product grew 1.7 per cent in seasonally-adjusted terms during the final three months of the year, pushing the rate for the 12 months to end-December to 4 per cent.

Market forecasts ahead of the deta's publication had been bullish, and the result for the final quarter was at the lower end of predictions. Some analysts, for example, bad suggested an advance of 2 per cent-plus could be recorded in the final period.

Australia now has the third highest annual growth rate in the Organisation for Economic Co-operation and Developmeot, behind Turkey, wbere growth is running above 7 per cent, and New Zealand, with 4.2 per cent.

The latest figures mean the government will again revise its official growth target during the 1993-94 fiscal year in the May 10 budget. "In the light of these figures, we will be revising our estimate up again," Mr Ralph Willis, the treasurer, said yesterday. "What precisely that number will be, will be revealed in the budget."

Mr Willis had said he expected growth in the 12 months to end-June 1994 to be about 3.5 per cent. The governmeot's original forecast, made in the budget last August, was 2.75 per cent.

Yesterday, the treasurer also confirmed that growth in the next fiscal year, 1994-95, was likely to exceed 4 per cent.

Australia's strong growtb in the latter half of 1993 was driveo by private consumption, which rose 1.8 per cent in the final quarter, and 3.2 per cent for the year, and by exports, which rose by 2.7 per cent and 6.6 per cent for the same respective periods.

However, business investmeot was flat in the final quarter and showed a 12.5 per cent decline over the year. This was immediately attacked by Mr Alexander Downer, opposition spokesman oo economic issues. "It is a matter of great concern tbat business investment remains flat... If recovery is to be sustainable, business investment must pick up strongly and underpin economic growth."

Prime Minister Paul Keating used the business investment figures as an opportunity to sound a reassuring note on interest rates. There was "a way to go" before business investment picked up, he declared. "We're not about to choke thet off with any misplaced sort of caution."

Speculation has been rife recently that Australian interest rates might have to rise, although Mr Willis has played down the possibility, at least in the sbort term.

Polisario snubs UN on W Sahara deal

By Francis Ghiles

The Polisario Front which has been batdling Morocco for the indepeudence of the former Spanish colony of the Western Sahara since 1975, has rejected two United Nations options for a settlement and expressed strong reservatlons about a third.

Last weekend, Mr Boutros Boutros Gbali, UN secretary-general, proposed three options to break e deadlock over tbe UN-sponsored peace plan, first proposed in summer 1991, for a referendum on the fate of the disputed territory.

The first was to hold a referendum at the end of this year, irrespective of whether either side had agreed on those Saharans entitled to vote. The second was for the UN to drop the proposed referendum and withdraw most of its peacekeeping force.

The third option would be for botb parties to continue talking until the end of June in the bope of reaching a compromise. Polisario could not snpport the third option unless it was "revised and reformnlated".


Fashion shopping in Shanghai: the bad news for consumers is that inflationary pressures are likely to persist for a few months

China takes one step back on prices

But new curbs do not mean the end of steps forward, writes Tony Walker

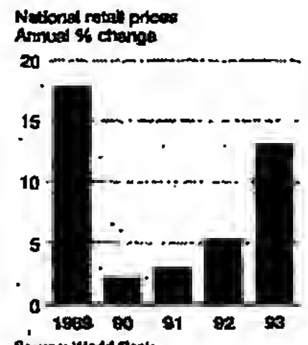
Chinese officials may not have hit the panic button over inflation, but measures adopted this week to slow price increases reveal a deepening concern.

Mr Zhu Rongji, China's vice-premier in charge of the economy, spoke of the dangers of a "domino effect" of price rises that might threaten the government's entire economic reform programme.

Western economists in Beijing see the steps taken to control prices of some 20 items, including basic commodities and services, as recognition that measures such as curbs iri money supply growth and credit restrictions were not enough to deal with an inflationary spiral.

But equally they do not view the new steps as an abandonment of the government's liberalisation programme under which prices of about 90 per cent of consumer items and basic commodities in the market have been de-regulated.

"They must realise," said a World Bank economist, "that price control never succeeds in the end." For the moment, however, because of the disorderly state of China's markets during its economic transformatioo, economists believe intervention is justified.



"The national unified, open, orderly and competitive market system has yet to shape up," wrote an official of the State Planning Commission in an internal memo recently. "Market infrastructure lags behind.... Monopoly, cheating, unbridled pushing up prices and unauthorised levying of administrative charges [are all contributing to inflation]".

Officials bave been under enormous pressure on prices. Painful reforms of state enterprises – a number are simply being allowed to wither on the vine – are causing hardship for thousands of workers who have lost jobs or are working part-time on reduced wages.

Mr Zhu, in an unusually candid address to delegates at the current session of the National People's Congress, blamed price rises mainly on speculation. He also warned that wages have "spun out of control".

The cost of living (COL) in China's 35 main urban centres rose by 23.3 per cent in January compared with the same period last year, and inflationary pressures, especially in the potentially volatile cities, show little sign of easing.

More worrying perhaps for the government than the COL increase (the COL index includes services whose costs have been rising sharply) were signs that the retail price index was also rising fast.

The index, which is heavily weighted towards food and clothing, soared to 19 per cent in December 1993 compared with a year earlier. The average annual increase in 1993 was 13 per cent, more than double that in 1992.

Western economists are predicting that retail prices will rise 15 per cent for the first quarter this year, making the year's target of 10 per cent virtually unattainable.

Mr Zhu also warned that unchecked price increases were making worse the difficulties of faltering etate enterprises which were in danger of being "strangled" by the "debt chain", the inability of struggling enterprises to pay each other for raw materials or finished products. He appeared to foreshadow a "carrot and stick" approach to public sector indebtedness, saying that while banks had set aside funds to write-off public sector debts, a new bankruptcy law which comes into effect this year will be applied rigorously to hopeless cases.


Zhu: 'domino' warning

It is debatable, however, whether, given the political sensitivities involved, that even the redoubtable Mr Zhu has the nerve to follow through on this threat.

Among measures outlined by Mr Zhu to curb inflation and to calm the economy, which grew by more than 13 per cent last year, were a further clamp on capital construction; reforms of the grain supply system; a freeze on fertiliser price increases; and controls on prices of basic items.

He also called for a halt to the phasing out of subsidies to public utilities such as gas and electricity.

Mr Zhu singled out vegetable prices as the key to damping down inflation, and blamed the property boom for cutting into arable land near the cities.

Western economists also point out that a shortage of vegetable retail outlets in the larger cities has led to disorderly pricing. There was, for example, a 50 per cent difference between wholesale and retail prices in many cases.

A World Bank official says that China is still paying the price in terms of "cost-push" inflation for the construction binge of early last year that saw increases of between 50 and 70 per cent in the prices of raw materials such as cement and steel.

The bad news for Mr Zhu and long-suffering Chinese consumers is that inflationary pressures are likely to persist through the middle of the year. The slightly better news is that some economists are forecasting an easing of these pressures in the second half.

See Editorial Comment

Scandals hit Japan budget debate

By William Dawkins in Tokyo

The Japanese government and opposition were yesterday paralysed by separate scandals, threatening to delay market-opening measures urgently needed to defuse the trade row with Washington.

Mr Kiichi Miyazawa, former prime minister and a faction leader in the opposition Liberal Democratic party, yesterday denied press allegations he was involved in efforts to prevent the Fair Trade Commission taking action against a construction industry cartel.

The allegation, in the Asahi Shimbun, a daily newspaper with a long record of uncovering LDP corruption, has reinforced the opposition's determination to fight back by making use of a separate year-old scandal, to put pressure on Premier Morihiro Hosokawa.

The LDP is boycotting a parliamentary debate on next year's budget until Mr Hosokawa submits documents proving he repaid a loan from the Sagawa Kyubin trucking company. It also wants Mr Hosokawa's secretary to give evidence in the chamber.

Opposition officials said yesterday the budget boycott, started three days ago, would continue. Mr Hosokawa, who has repeatedly denied impropriety, continued to hold firm. The budget debate "shows no signs of resuming. The government takes the situation seriously," said Mr Masayoshi Takemura, chief cabinet secretary.

Continued blockage on the budget for the year starting April 1 jeopardises the government's tax cuts, the main point of its second economic stimulation in six months, designed to pull Japan out of its worst recession in post-war years.

The wrangle delays work on draft plans to stimulate imports, as the government decides whether or not to impose trade sanctions under the recently revived Super 301 provision of US trade law. It wants the plans to include further deregulation, incentives for foreign investment, tougher controls against cartels, and more open public procurement.

It is also working on wider economic measures, to be released in time for the Group of Seven summit in Naples in July.

● Sales at Tokyo department stores fell 6.1 per cent last month, from February 1993, marking the 24th consecutive monthly decline. Consumer spending is sluggish, but department etores are doing especially badly, because they are losing market share to new discount outlets, which report strong turnover.

Suffering the politics of drought

Leslie Crawford on corruption surrounding Kenya's growing famine

The worst drought in a decade is extending its grip on Kenya.

The government says 5m people – one-fifth of the population – are in need of emergency food handouts. Maasai herdsmen in the Great Rift Valley have lost 250,000 head of cattle, and in the densely populated Eastern Province the failure of the December rains has wiped out half the staple maize crop.

If the rains that are due to start this mooth fail again, "a rapid deterioration will result and famine relief may be required," warns a cable from a western embassy in Nairobi.

The drought comes at a delicate time for Presideot Daniel arep Moi, who recently abolisbed the government's maize trading monopoly at the insistence of the World Bank and International Monetary Fund. Until October it was illegal for private traders to import maize into Kenya; until December it was illegal to move it around the country. Price controls were lifted only three months ago.

The private sector, however, does not yet have the ability to import the vast quantities of maize oeeded this year. About 1.7m tonnes, or just over half the national maize consumption, will have to be met by a combination of commercial imports, government purchases and food donations.

The government receotly hauled in private grain traders to berate them for the paltry level of commercial imports. The traders retorted they did not have enough market information with whicb to act. How many tonnes were earmarked for free distribution? How many tonnes remained in tbe stocks of the National Cereals and Produce Board, the former state monopoly? Uoder what conditions would these stocks be released on to the market?

Western donors complain that the NCPB treats its maize stocks as a state secret. This is not surprising, since the manipulation of stock levels feeds a complex web of corruption which marketing reforms cannot fully eliminate.

A confidential study being circulated among embassies in Nairobi describes in detail the 40 most common scams in NCPB grain depots and concludes: "An analysis of routine practices at a typical maize depot shows more than 60 per cent of the purchase value of all maize acquired by NCPB is lost due to corruption at the depot level alone."

Kenya's two biggest food donors – Usaid and tbe European Union – are urging the government to use NCPB's stocks to meet the current food emergency. But the government clearly expects the donors to cover the shortfall.

"There is a subtle kind of blackmail going on," complains one ambassador in Nairobi. "If donors do not pledge the food aid being demanded by the government of Kenya, this could be used as an excuse to reverse the grain marketing reforms."

He fears too much food aid would allow the NCPB to sell its maize to urban coosumers, pocket the proceeds and maintain the undesirable business practices donors want stamped out.

Underlying this mistrust is the way food aid was commandeered for political ends in the last grain emergency in the run-up to Kenya's first multi-party elections in 1992. The United Nation's World Food Programme discovered that donated maize was freqoently diverted to areas where the ruling Kanu party needed to drum up support. In other areas, food which was meant for free distribution was sold by local officials.

This time round, WFP is organising its own transport to ensure there are no diversions en route. It has also set up school feeding programmes and appointed monitors to supervise the distribution of food aid in the local communities. It expects to distribute about 150,000 tonnes of maize until the next harvest in September. If there is another bad harvest, however, Kenya's dependence on food handouts will continue until 1995.

The government, for its part, has set up a drought relief task force which is importing 200,000 tonnes of maize for free distribution. Mr Philip Mullei, a senior civil servant beading the Relief and Rehabilitation Departmeot, is confident no-one will starve.

High up in the Kipangot Hills, overlooking the Great Rift Valley, farmers and their dependants are waiting for relief food to arrive. Their crops have failed, cows have died, and many families have already eaten the seed grain earmarked for the next ploughing season.

The politics of Kenya's modern rain gods have not been kind to these communities.

UN winds up in Cambodia, but the war is far from over

Victor Mallet watches preparations for a dry season offensive

Half way between the Cambodian capital, Phnom Penh, and the town of Battambang, workers paid by the United Nations are filling in the road's cavernous potholes and resurfacing it with tar and gravel; a little further on, three government tanks on the way to the battle front are ripping up the new surface with their tracks.

Half way between Battambang and the Thai border, hundreds of Cambodians paid by foreign aid and commanded by ex-British army Ghurkas are painstakingly clearing old minefields to make the land safe for farmers; a little further on, government troops and Khmer Rouge guerrillas are laying new mines as they prepare to fight.

The two-year, $2bn UN operation to bring peace and democracy to Cambodia is being wound up, but the war is not yet over. The coalition government of royalists and communists elected under UN auspices last May is poised for a dry season offensive to seize Pailin, the gem-mining town on the Thai border that is regarded as the main stronghold of the Khmer Rouge.

Truckloads of troops, along with tanks, artillery pieces and multiple rocket-launchers known as Stalin organs, can be seen on the move towards Pailin. So many government soldiers – 7,000 according to some estimates – have been deployed et the front that residents of Battambang fear they will be without protection should Khmer Rouge guerrillas decide to attack the town.

The government offensive was supposed to begin a week ago but was delayed, probably because it would have clashed with an international donors' conference in Tokyo which raised $773m for Cambodia last week, and because the army was shaken by a bumiliating defeat at Anlong Veng in northern Cambodia.

> Khmer Rouge leaders have sought to win peasants' support by adopting a xenophobic form of Cambodian nationalism and by condemning government corruption

Government forces captured Anlong Veng from the Khmer Rouge in early February after suffering heavy casualties caused by mines and booby traps, but lost it three weeks later and retreated in chaos, short of water and ammunition, when the guerrillas counter-attacked.

The Khmer Rouge, which flouted a 1991 peace agreement by refusing to disarm its guerrillas or participate in the election, is nevertheless in decline.

Guerrilla numbers have fallen to below 10,000 from as many as 25,000 in 1991, according to diplomats in Phnom Penh, and some Khmer Rouge officers have defected to the government since the election.

A successful, three-week government offensive last year drove the Khmer Rouge out of the territory it had taken in the previous 18 months, while the increasing trade in logs, gems and other goods across the border with Thailand is opening up the previously remote areas where the Khmer Rouge is strongest.

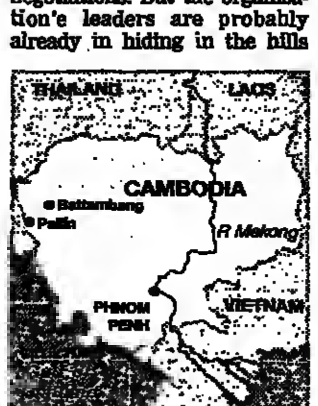
Khmer Rouge leaders – the same ones who murdered and starved to death about 1m Cambodians when they emptied the towns and attempted to create an agrarian revolutionary society between 1975 and 1978 – have sought to win the support of peasants by adopting a xenophobic form of Cambodian nationalism and by condemning the corruption of government officials.

But it is becoming harder to make any ideological distinctions between the two sides in the war as they fight – or negotiate – over lucrative trade routes. Army officers planning the assault on Pailin talk openly about their deals in logs or gems with their Khmer Rouge "enemies", and important logging roads in some areas of Cambodia have remained curiously free of mines – the result, it seems, of secret trade agreements between the combatants.

Cambodia remains a lawless country. When buses or cars are attacked and robbed by armed men on the Phnom Penh-Battambang road, it is often unclear whether the assailants are Khmer Rouge guerrillas, unpaid government soldiers or bandits.

A grenade planted under fuel tanks at a Battambang petrol station last week was attributed by some residents of the town to Khmer Rouge saboteurs; others blamed the owners of rival petrol stations. The device was exploded harmlessly by e British ordnance expert.

An army victory in the assault on Pailin would boost the government's morale, would deprive the Khmer Rouge of border trade revenue and could push the guerrillas one step closer to formal peace negotiations. But the organisation'e leaders are probably already in hiding in the hills north or south of the town, and few Cambodians or foreign observers believe the capture of Pailin would immediately end the war.



Residents of Battambang, accustomed to the depredations of drunken government soldiers, are bracing themselves for the aftermath of tha offensive and the return of the troops. "It's going to be an unpleasant town whether they win or lose," said one foreign aid worker.

NEWS: WORLD TRADE

US stalls over BA-USAir code-sharing

By Paul Betts, Aerospace Correspondent

The British and US governments yesterday continued the tense diplomatic poker game over the future of airline services between the two countries as today's deadline for US renewal of a ticket code-sharing agreement between British Airways and USAir approached.

Airline lobbyists on both sides of the Atlantic were anxiously scrambling to find out whether the US Department of Transportation would finally renew the BA-USAir code-sharing arrangement or provoke an all-out airline trade war between the two countries by withdrawing the British carrier's code-sharing rights.

Under intense pressure from some of its biggest carriers, including American Airlines and Delta Air Lines, the US authorities have also threatened to renounce the existing aviation agreement between the two countries, a move which would badly damage US-UK relations and undermine both countries' efforts to liberalise international air transport.

The UK has already warned Washington it would retaliate swiftly against a decision not to renew BA's code-sharing rights with its US airline partner or to renew them only for a very short period.

This is likely to involve restrictions on flights by American Airlines and United Airlines into London's Heathrow airport.

In turn, such a move would inevitably lead to an escalation in trade tensions, with the US restricting flights by UK carriers into its market, threatening to provoke even more disruption for transatlantic passengers already shaken by the recent IRA terror campaign at Heathrow airport.

At the heart of the conflict are US demands for greater access immediately for its airlines into Heathrow airport, which under a 1991 agreement, can only be served by American and United. The US has also sought to link the BA code-sharing rights with USAir, the sixth largest US carrier, with the broader renegotiation of the bilateral aviation agreement between the two countries.

The UK says it may review its position on a new 'open skies' deal

The UK, for its part, has proposed a gradual three-stage process of liberalising transatlantic air services and has insisted that the US must honour its obligations under the 1991 agreement granting UK carriers code-sharing rights in the US.

The US, however, refused to discuss the British three-stage proposal and cancelled negotiations in January. Although the UK side has since attempted to revive the negotiations, the US has continued to refuse to hold formal talks to try to resolve the deadlock. Both American Airlines and Delta urged their government last week to renounce the current bilateral agreement and withdraw BA's code-sharing rights, arguing that the UK carrier was now able to tap the huge US domestic aviation market without comparable benefits for US carriers in the UK.

The issue has been further complicated by BA's decision last week to suspend additional investment in USAir because of the parlous financial state of its US airline partner in which it has already invested \$400m (£268m) for a 24 per cent stake.

The British government has since said it would have to review its position on a new "open skies" deal with the US given that US approval of BA's future investments in USAir have been a central part of the liberalisation talks.

But the UK transport authorities said this week that they wanted talks to continue and that the UK was "not walking away" from the process.

"Although the BA-USAir development means that we cannot for now determine our position on important elements of liberalisation, there is still work that needs to be done on other parts of the agreement, and we see no reason to hold up that work," the UK Department of Transport said.

With the two sides both keeping their cards close to their chests and showing no signs of concessions, risk of a confrontation was rising yesterday.

The stakes are huge: nothing less than the future relationship between the two countries linked by international air routes with the world's highest volume of traffic (11.5m passengers last year).

Tokyo accuses Washington of violating accord

By Michiyo Nakamoto in Tokyo

Tokyo has accused the US of violating an air accord by failing to approve a scheduled Japanese airline flight to Hawaii just two days before it was scheduled to go into operation.

The US informed Japan Air Lines it was deferring its decision on whether to approve the flight from Sendai, in northeastern Japan, to Honolulu, pending aviation negotiations between the two countries.

The move by the US, which came just two days before the flight was scheduled to go into operation, is "a clear violation of the bilateral agreement," an official at Japan's transport ministry said yesterday.

A 1989 memorandum of understanding between the US and Japan gives carriers of both countries the right to fly from three regional points to destinations in each other's country. "JAL was merely exercising its legitimate right," the airline said.

Japanese transport ministry officials said the US move stemmed from unhappiness with stalled negotiations over landing rights at Kansai International Airport near Osaka which is scheduled to open later this year.

The US has demanded more landing slots at Kansai than Japan is prepared to give, while Japan has been angered by US claims that the bilateral aviation accord allows US carriers unrestricted onward flight rights from US destinations to Japan and from there to a third country.

Japanese officials and airlines have claimed that US carriers were abusing their onward flight rights and taking business away from Japanese carriers.

"We intend to tell the US that its move is in breach of international rules," a transport ministry official said yesterday. "We find it curious that the US has linked the issue to the aviation talks which have been stalled since last August, largely as a result of US reluctance to carry on with them," the official said.

Qian Qichen: expressed 'disappointment' with US talks Reuter

China goes on offensive over MFN

By Tony Walker in Beijing

China yesterday warned that the cancellation of preferential trade access to the US market would have devastating consequences for the Taiwanese and Hong Kong economies.

Mr Qian Qichen, China's foreign minister, in a clear attempt to mobilise regional concerns over Most Favoured Nation status to press Beijing's case, said that Hong Kong and Taiwanese businessmen risked losing billions of dollars in the event of a trade war.

"I think the US can bear such losses, so can China, but I don't think the other regions and countries can," Mr Qian said.

Huge quantities of Chinese exports were transshipped through Hong Kong to the US, he said, while Taiwanese businessmen had invested vast sums in mainland enterprises geared to the US market.

The World Bank estimates that 96 per cent of Chinese exports, principally textiles and garments, benefit from a lower tariff regime in the US.

Mr Qian was speaking some 48 hours after Mr Warren Christopher, the US secretary of state, left Beijing following acrimonious discussions on the human rights issue.

Washington is seeking to link "overall, significant improvement" in China's human rights behaviour to the renewal of its Most Favoured Nation trading status. China had greeted Mr Christopher's arrival by detaining more than a dozen dissidents in preceding days.

Chinese officials have warned that cancellation of MFN would cripple access for US business to China. Two-way trade exceeded \$40bn (£27.3bn) last year, heavily in China's favour. But American companies are beginning to make a stronger showing.

Hong Kong would be most affected by a rupture over MFN. The HK government estimates that projected economic growth this year of 5.5 per cent would halve and perhaps as many as 75,000 jobs would be lost.

Some \$24bn worth of trade would be jeopardised.

Mr Christopher sought to put the best face on what had been a fairly disastrous visit, saying differences had "narrowed". But the Chinese themselves were less sanguine.

"I am somewhat disappointed," said Mr Qian. "My talks with Christopher have not produced as many results as previously expected."

Exporters of rum seek a lift

By Canute James in Kingston

Caribbean rum producers are visiting several European capitals next week to urge the European Union to increase its rum quota in the short term and eventually abolish it altogether.

Producers says there is a rum shortage in the EU but they are facing growing opposition from France to any increase in shipments.

The West Indies Rum and Spirits Producers' Association alleges that the French prime minister has told the European Commission France is against any changes to the current quota and will not support its abolition.

The Caribbean producers are asking for a 10 per cent increase in the quota of 214,000 hectolitres per year, and its abolition by 1996.

The conditions for access to the European rum market are contained in a protocol of the Lomé Convention, a trade and aid treaty between the EU and the African, Caribbean and Pacific group of countries.

The rum producers have criticised the EU for being slow to honour legal commitments to react automatically by increasing the access for rum to meet growing demand.

Mr Philippe Darmuzey, the European Commission's delegate to Barbados and the Eastern Caribbean denies there is a serious problem over rum shipments to the European Union.

"The rum protocol of the Lomé Convention has provided ACP producers with a very stable, enabling environment, which has certainly been a very strong incentive for them to contribute to an increase in their production," he says.

Banana row may end soon

By Deborah Hargreaves

Costa Rica is expected to agree on Monday to a plan put forward by the European Union for increasing its access to the EU banana market.

The agreement would mark the end of a bitter dispute between the EU and Latin American banana suppliers which has soured relations since last July.

The deal would mean exporters could ship 2.1m tonnes of Latin American bananas to the EU this year rather than the current 2m tonnes, rising to 2.2m tonnes next year.

Latin American banana exporters complained to the General Agreement on Tariffs and Trade about the EU's arrangements for the banana trade. Their complaint was upheld by a Gatt panel which ruled the EU's trading deal for bananas with African, Caribbean and Pacific countries under the Lomé Convention ran counter to Gatt rules.

The EU has made its offer of a greater quota for Latin American fruit conditional on exporters dropping their Gatt complaint. Colombia, Nicaragua and Venezuela have all agreed to the EU's new plan, but Costa Rica had hoped to gain further concessions.

Guatemala, the other Gatt complainant, is unlikely to agree.

Correction

OECD

Due to a transmission error, the OECD Export Credit Rates for the US dollar for up to 5 years should have read 5.83, not 5.43, per cent as reported in the Financial Times of March 8.

US growth no threat yet to prices

By Michael Prowse in Washington

The strong US economic recovery is putting only mild upward pressure on consumer price inflation, official figures indicated yesterday.

The Labour Department said the consumer price index rose 0.3 per ceot and by 2.5 per cent in the year to February, in line with market expectations.

Separate figures showed that the housing industry is beginning to recover after disruptions caused by severe winter storms. Housing starts rose 4.1 per cent last month to a seasonally adjusted annual rate of 1.31m. But figures for January were revised down to show a fall of 22 per cent rather than 17.6 per cent.

Bond prices rose modestly in early trading following release of the price report. The core consumer price index – which excludes the volatile components of food and energy – also rose 0.3 per cent last month and by 2.8 per cent in the year to February.

Earlier this week official figures showed little evidence of inflationary pressures at the wholesale level. The producer price index for finished goods rose 0.5 per cent but this reflected a surge in energy costs. Core producer prices rose 0.1 per cent and by 0.4 per cent on an annual comparison.

The consumer price report showed a continuing divergence in inflation trends in goods and service industries. The index for services otber than energy rose 0.4 per cent last month and by 3.7 per cent in the year to February. The core index for goods fell 0.1 per cent last month and rose only 0.8 on an annual comparison.

The increase in housing starts was restricted to the north, east and south. Starts fell in the midwest and the west. Most analysts expect a stronger rebound in bousing activity this month, despite a fall in building permits in February, reflecting the low level of mortgage rates and a rise in consumer confidence in recent months.

Fed cops eye US economic juggernaut

Michael Prowse on the outlook for interest rates in the light of soaring growth

The US economy is like a speeding juggernaut and the US Federal Reserve like a traffic cop. Last month the Fed delivered a mild warning in the shape of a quarter point increase in short-term interest rates to 3.25 per cent. When Fed governors and regional presidents meet in Washington next week they may decide sterner action will soon be required.

If the Fed was concerned by the pace of growtb in early February, it ought to be doubly concerned today. In recent weeks revised figures have shown the economy grew at an annual rate of 7.5 per cent in the fourth quarter of last year, rather than the 5.9 per cent at first reported. The jobless rate has fallen faster than expected and, at 6.5 per cent, is only fractionally higher than the level previously associated with rising wage inflation.

Adjusting for sevare weather, economic data since January have been uniformly stronger than expected. Sales and production of cars and light trucks are booming. Retail spending is robust despite a temporary dip in construction activity: according to the Johnson Redbook survey, sales in early March were running 14 per cent higher than last year. Industrial production appears to be growing at an annual rate of 7-8 per cent this quarter – a slight acceleration from late last year. The rate of capacity utilisation in manufacturing has jumped to 82.6 per cent, just short of the 83 per cent level seen as a trigger for price increases.

This week bond investors were relieved that rapid growth does not yet appear to be putting much upward pressure on broad measures of inflation.

But the encouraging consumer and producer price figures do not alter the interest rate outlook much because Mr Alan Greenspan, the Fed chairman, has signalled that the purpose of tightening policy is not to fight an inflation threat today but rather to prevent inflation getting out of hand in 1995 and 1996.

Looking forward, the Fed will note that traditional leading indicators of inflation are beginning to creep higher. These include commodity prices (other than oil), the price indices compiled by purchasing managers, and various measures of capacity utilisation.

The Fed is also aware that the European and Japanese economies are starting to show signs of improvement. The prospect of a concerted surge in demand in 1995 significantly strengthens the case for a pre-emptive tightening of US monetary policy this year.

Analysts are divided over the likely timing and magnitude of increases in short-term rates. At one extreme, J.P. Morgan, the New York bank, believes the sharp rise in long bond yields in recent weeks to nearly 7 per cent is fully justified. Morgan economists argue that the economy has lost little momentum since the second half of last year when real gross domestic product grew at an annual rate of more than 5 per cent.

They expect growth of more than 4 per cent this year and predict the Fed will raise short rates to 5 per cent by the end of this year and 6 per cent by the middle of next year.

This would not be out of line with previous business cycles. The average increase in short rates in the last six episodes of Fed tightening was nearly 5.7 percentage points. Excluding the inflationary 1970s, the increase was 3.8 percentage points, which would suggest short rates could rise to about 7 per cent in the next few years.

Other economists believe the recovery is less robust and predict the rate of economic growth will decline in the second half of this year to 3 per cent or less. They doubt the Fed will need to act as aggressively as in past cycles in part because the risk of a big rise in inflation seems slight and in part because the bond market is now hyper-sensitive to inflationary pressures.

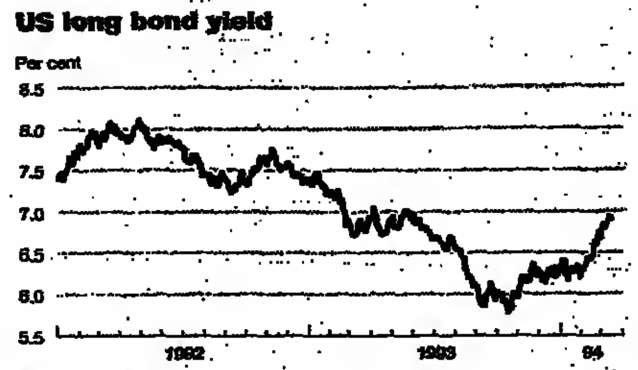
"The rise in bond yields is disciplining the real economy and helping the Fed do its job," says Mr Bill Dudley, a senior economist at Goldman Sachs. The argument is that the surprisingly rapid steepening of the yield curve will curb some of the most buoyant sectors – such as bousing and business investment – and bence reduce the required increase in short rates.

The timing of any rate increases is also hotly debated. Mr Greenspan has a reputation for gradualism, which suggests he may be contemplating small quarter point increases every few months.

But some analysts, such as Mr Neal Soss, chief economist at First Boston Corporation, a New York brokerage, argue that such tactics would amount to Chinese water torture.

Rather than creating a prolonged period of uncertainty, they say, the Fed should rapidly raise rates to the "neutral" level mentioned by Mr Greenspan in recent congressional testimony. This is widely taken to imply rates of 4-5 per cent. With the agony over, bond and share markets might then be able to recover their equilibrium, if not last year's high spirits.

US long bond yield



Source: Datastream

PREVIOUS EPISODES OF FED TIGHTENING

	Duration (quarters)	Rise in Fed funds rate (basis pts)	From/to (per cent)
1961 Q3 to 1966 Q4	21	390	1.7 to 5.6
1967 Q3 to 1969 Q3	9	510	3.9 to 9.0
1972 Q1 to 1974 Q3	10	850	3.5 to 12.0
1977 Q1 to 1980 Q1	12	1040	4.7 to 15.1
1983 Q1 to 1984 Q3	8	270	8.7 to 11.4
1987 Q1 to 1989 Q2	8	350	6.2 to 9.7
Average:	11	568	
Average ex-1970s:	11	380	

Source JP Morgan

Chicago win provides fillip for Clinton

By Nancy Dunna in Washington

Congressman Dan Rostenkowski, one of the most powerful members of the US House of Representatives, has won a fierce battle for the Democratic nomination in his Chicago district, aided by a campaign visit from President Bill Clinton last month.

It was as much a victory for the president, struggling to put the Whitewater affair behind him, as for the chairman of the influential House ways and means committee.

Mr Clinton took a gamble in supporting a congressman who has come under a political cloud because of an ongoing federal grand jury investigation of his finances that recalled old Chicago-style politics based on perks and patronage.

At ways and means Mr Rostenkowski has been a faithful ally of Mr Clinton, overseeing the administration's most important initiatives – healthcare, welfare reform, and trade and tax bills.

A member of Congress since 1958, Mr Rostenkowski's seat was for the first time thought to be in jeopardy in the three-man race for the nomination. In the end he won with 50 per cent of the vote.

Mr Rostenkowski acknowledged the president's role in the win. "There was a point, a pivotal moment in the campaign, when a very, very gutsy and honourable and courageous man named Bill Clinton came to town," he told his supporters. "I'm proud to be a soldier in the president's march for change."

Mr Rostenkowski may have hurt the president inadvertently when, in a television interview yesterday to discuss his victory, he said congressional hearings on the Whitewater affair are "inevitable".

The affair concerns Mr and Mrs Clinton's financial dealings in Arkansas in the 1980s.

Whitewater was the name of an Arkansas development in which the Clintons invested along with their friends Mr James McDougal, head of the Madison Guaranty savings and loan institution, and his wife. Madison failed at a cost to the taxpayer of \$47m (£32.1m).

Democrats have been fighting off Republican demands for congressional hearings, which would give the opposition more scope to equate the affair with the Watergate scandal.

Paraguay peasants in protest

By John Barham in Buenos Aires

Paraguayan peasants have staged the biggest demonstration in the capital Asunción since President Juan Carlos Wasmosy took office seven months ago.

The peasants demanded land reform and protested at low prices for cotton, one of their staple products.

About 15,000-20,000 peasants crammed into one of the capital's main squares in front of the Congress huilding on Tuesday, while their leader, Mr Alfonso Cohene, met opposition leaders to demand the expropriation of unproductive land. He also demanded government subsidies to offset the decline in cotton prices.

The peasants were unable to petition President Wasmosy because he was on an official visit to Brazil. No one was reported hurt in the protest, despite police efforts to prevent protesters reaching Asunción.

Last month police clashed several times with peasants in the interior of the country after protesters blocked roads and occupied farmland owned by wealthy landowners, including one property owned by a senior member of the ruling Colorado party.

Over half of Paraguay's population of 4.5m lives in the countryside, often in great poverty. Demands for land reform have always been an important issue, although the 35-year regime of former President Alfredo Stroessner crushed simmering opposition.

Codelco defendant testifies

By David Pilling in Santiago

The man at the centre of the Codelco futures scandal, Mr Juan Pablo Dávila, was yesterday due to testify befora a judge appointed to investigate potential criminal aspects of the case.

Mr Dávila, who is accused of losing Codelco, Chile's state copper company, more than \$200m (£134m) in speculative metals trading in London and New York, has spent the past five days in detention giving testimony to the police department, who are investigating allegations of frand against him.

Mr José Benquis, the special judge appointed to the case by former president Patricio Aylwin, said on Tuesday that 400 of the 8,000 futures operations conducted by Mr Dávila in 1993 were "strange" and "unusual".

Mr Benquis, defending the five-day detention of Codelco's former chief futures operator, said: "He is being interrogated on many technical aspects that have to be cleared up and about which he must give his own explanations."

Mr Dávila was being treated as a "buman being as befits any other person".

He had daily visits from his lawyer as well as a medical practitioner and was in good health, Mr Benquis said.

The judge did not rule out the possible interrogation of other former Codelco executives, eight of whom resigned after the losses became public.

Jobless figures fall but slow retail sales hamper growth

By Emma Tucker and Philip Coggan

Unemployment in the UK resumed its downward path last month, but a sharp drop in retail sales prompted calls for another cut in interest rates to help the economy weather next month's tax increases.

The number of people out of work, and claiming benefit, fell a seasonally adjusted 38,800 in February to 2,751,800, or 9.8 per cent of the UK workforce, the lowest level since June 1992.

But retail sales dropped 0.5 per cent in February, dragging the year-on-year growth rate down from 3.7 per cent in January to 2.5 per cent, the slowest rate since May last year.

Mr Gordon Brown, the shadow chancellor, said it was time for an immediate reduction in lending rates.

"The figures undermine bank and government optimism about the recovery," he said. "Retail sales are falling even before taxes have gone up and the government must act now to prevent further damage to the economy."

But Mr Kenneth Clarke, the chancellor, vigorously defended the impending tax increases as necessary to keep the recovery going.

"We have a background of a large amount of borrowing, as does every other country coming out of the recession," he said.

Citing low inflation and rising manufacturing output, he said: "We are in a recovery that can get stronger." To keep the recovery on track, "we have to ensure that inflation remains down."

But yesterday's mixed-bag of figures also included the first pick-up in the annual growth rate of average earnings for two years. This affected sentiment in the government bond market where investors grew uneasy that a long period of subdued wage rises was coming to an end.

The underlying rate of average earnings in January was 3.25 per cent, higher than the 3 per cent analysts had expected. The June long gilt future fell 1¼ points on the news to 110[illegible]. Shares also fell yesterday, with the FT-SE 100 index falling 24.5 points to 3242.9.

Overall, the official retail sales figures painted a less downbeat picture than a survey from the Confederation of British Industry earlier this week which showed two successive months of slowing retail sales growth. The official figures, from the Central Statistical Office included a sharp upwards revision to January's month-on-month increase, from 0.6 per cent to 0.9 per cent. The employment figures showed that January's unexpected increase in unemployment was revised even further upwards, from 15,500 to 19,800.

The figures for employees in employment (collected from employers) show that full-time employment rose by 19,000 between September and December, while part-time employment fell by 5,000. Howevar, the quarterly Labour Force Survey – a survey of 60,000 households – seems to show the opposite.

The survey says that, between the summer and the autumn of 1993, part-time employment rose by 90,000, while full-time employment fell by 17,000. Although the statistics cover slightly different periods, the contradiction is apparent.

An extra 23,000 people were on work-related government training programmes, while 9,000 fewer were employed in the armed forces.

Generally, the figures from the Department of Employment suggested that many of the new jobs being created are not in traditional areas. A rise in the number of self-employed people was the main cause of the increase in employment in the fourth quarter of 1993. Manufacturing employment continued to decline, while the Labour Force Survey showed a continuing shift to part-time employment.

Mr John Prescott, the shadow employment secretary, kept up pressure on the department to alter the way it measures unemployment by saying that the current figures gave a misleading impression of the true state of the labour market. The employment department's chief statistician had, according to Mr Prescott, admitted that changes to the count since 1979 had removed at least 400,000 from official figures.

"That alone would push the official unemployment rate up to 11.2 per cent," he said.

Tories slip back into the messy pastime of rowing about Europe

Philip Stephens on the renewed infighting that could damage the government

When Mr John Major replaced the then Mrs Margaret Thatcher, Mr Douglas Hurd took the opportunity to review the way Britain handled negotiations with its European partners.

The foreign secretary had long deprecated the former prime minister's bargaining style. She too often found herself in less-than-glorious isolation.

There were solemn declarations she would never back down, confident assertions that the rest of Europe was isolated and frequent public tantrums. Then of course came the retreat.

So Mr Hurd sent his colleagues some guidelines to help them occasionally to win the argument in Brussels. It was pretty basic stuff: the sort of advice found in cheap paperbacks on winning friends and influencing people.

Ministers should not show all of their cards at the outset. They should work at building new alliances. They should listen as well as speak. They should not stake out publicly a bottom line from which they would be forced to retreat.

More than one minister thought such rules to be so blindingly obvious as to be not worth writing down. Now it is Mr Hurd who is breaking them.

The impasse this week over the supposed "dilution" of British authority in the EU's Council of Ministers bore all the depressing hallmarks of the Thatcher era.

The government sets out what it states to be an immovable position. It become progressively isolated. It then prepares for the climbdown, relying on its partners for a fig-leaf to hide its embarrassment.

The latest argument is about the arcane but important issue of how many countries can block a decision when the European Union acts through qualified majority voting.

At present the 12 countries share a total of 76 votes. Larger countries have 10 each and smaller ones five or less. For a measure to pass it must secure 54 votes. That means 23 votes – two big countries and one small – constitute a blocking majority.

But when the four new entrants – Austria, Finland, Sweden and Norway – join the total number of votes will rise to 90.

Fairly predictably Britain's partners (with the exception, for complicated reasons, of Spain) want the blocking minority to rise proportionately to 27 votes.

Mr Major's government has combined passionate advocacy of enlargement (wider membership means a less centralised Union) with a refusal to countenance any dilution of its own influence.

It has couched the argument in terms of preserving the system whereby two large and one small country can together muster a veto with 23 votes – though in reality Mr Hurd has deeper but unacknowledged concerns that the present voting system is heavily biased in favour of smaller nations.

Either way, the issue has been elevated into one of great principle. The absurd notion that it is a battle against fiendish federalists in turn has fuelled the Eurosceptic fire on the Tory backbenches

Unsurprisingly he has found himself outmanouevred. Its partners will not accept the enlargement Britain wants without the voting change.

But a large chunk of the Tory party now see the change as an unacceptable encroachment on British sovereignty.

The party's pro-European wing meanwhile is furious that the government is cast once again as the obstructionist of Europe. So Europhobes and Europhiles are both predicting another Tory civil war before the June elections for tha European parliament.

Mr Hurd is confident he can still pull his hands from the fire: that a deal can be concocted that will satisfy the rest of the Union and be sold at the same time to most Conservative MPs. Enlargement will go ahead and the fragile facade of party unity will be put together again.

The foreign secretary's friends are vehement in his defence. By fighting his corner with vigour he will ensure the resultant deal, whatever it is, will be much better than it otherwise would have been.

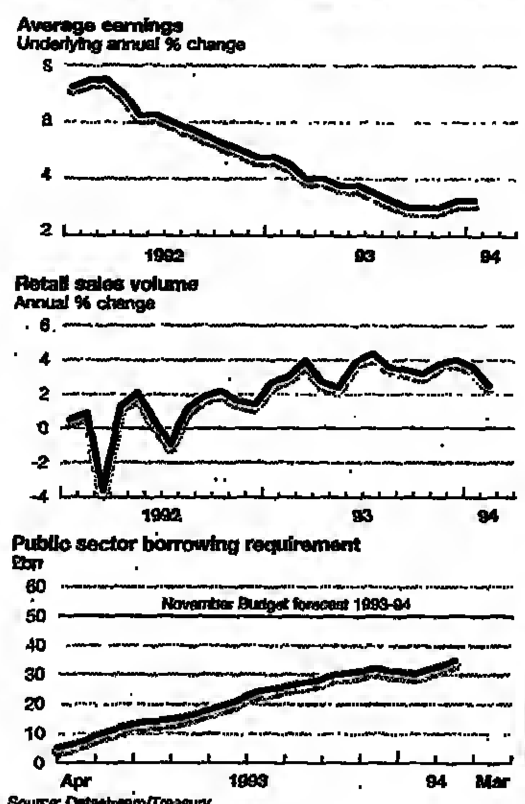
But others whisper that Mr Hurd should not be blamed. He was locked into an aggressive stance by the combative instincts of Mr Kenneth Clarke and the weakness of Mr Major.

But for pro-European Conservatives the saga has exposed a depressingly defeatist view of Britain's place in Europe. It has conducted the debate as if it will always be part of a minority – seeking to block rather than to promote decisions.

It has admitted tacitly it has little hope of winning over the Union's new entrants to the cause of a liberal, decentralised Europe. What is left is a strategy designed to reinforce Britain's capacity to obstruct.

So Mr Hurd has stirred up the antagonisms in his own party and given further cause for Britain's partners to doubt its commitment to Europe. Sooner or later – and probably next week – the sticking plaster of compromise will be applied. In the interim Mr Hurd might consider re-issuing his negotiating rulebook – and then reading it.

Nailbiting stuff: how safe is the recovery?



Source: Datastream/Treasury

Kenneth Clarke

UK government borrowing lower than forecast

By Graham Bowley

The government borrowed £4.6bn in February to finance public-sector spending, taking the public sector borrowing requirement for the first 11 months of the financial year 1993-94 to £34.7bn.

February's figure was lower than the £6.7bn economists expected due to larger-than-usual borrowing repayments by local authorities and privatisation proceeds of £0.7bn, mainly from the British Telecommunications. It is now unlikely that the PSBR for the year will reach the £49.8bn forecast by Mr Kenneth Clarke, the chancellor of the exchequer, in his November budget.

Mr Simon Briscoe, economist at SG Warburg Securities, said: "This is good news because it points to lower-than-expected government spending.

"Investors in gilts should be reassured because it promises lower government borrowing and so a lower rate of issuance over the next year."

Yesterday's figures from the Central Statistical Office showed that central government borrowing was £5.1bn in February, making a total of £39.8bn for the first eleven months of 1993-94.

The Treasury said tax revenues were in line with expectations, although customs and excise receipts and social security contributions were higher than last year, and spending by local and central government was under control.

February's move back into public finance deficit follows a surplus in January of £1.6bn, due to seasonal payments of corporation tax and compares with a deficit of £5.5bn in February 1993.

French bid for Swans 'within the week'

By Chris Tighe

Frencb-based shipbuilder Constructions Mècaniques de Normandie confirmed yesterday it intends to make a bid for Swan Hunter, the Tyneside shipbuilder in receivership before next Thursday.

That is the closing date for submission of tenders to the Ministry of Defence for tbe major refit of the landing ship Sir Bedivere.

Swan Hunter's receivers Price Waterhouse said yesterday they were optimistic tbey would receive, and accept, a bid for the company, possibly but not necessarily from CMN, before the Marcb 24 tender deadline.

But the receivers expect any bid will be conditional on the north eastern shipbuilders winning the Sir Bedivere refit – a condition whicb again pins the survival of north east England's last shipbuilder on tbe award of a keenly-fought MoD contract.

It was Swans' failure to win a vital MoD helicopter carrier order, after it bid £71m more than a rival VSEL/Kvaerner Govan consortium, which plunged the Tyneside company into receivership last May.

The 18 month Sir Bedivere refit, worth around £30m, will provoke another fight; tenders have been invited from Swan Hunter, VSEL, Yarrow, tbe Devonport and Rosyth naval dockyards, Appledore shipbuilders and repairers and Tees Dockyard.

Yesterday joint receiver Mr Ed James said: "We are accepting the award of the Sir Bedivere to Swans is likely to be a condition of any bid to buy the company." He added: "There is a slight sense of deja vu."

He said Swans was formulating the "most competitive and compliant" bid possible. Since receivership, the company has slashed overheads, shedding nearly 1,500 jobs. It now employs 1,038.

Swans' tender must be underwritten by a prospective purchaser guaranteeing completion to cost and on time.

Mr Fred Henderson, leader of the CMN bid team, said: "We would expect to be submitting a bid prior to the closing date for the Sir Bedivere tender."

Swans only current workload is two frigates. Without Sir Bedivere Swans would be "very unattractive", said Mr Henderson. CMN was still considering whether to make its bid conditional on winning the refit, he added.

Tha other known potential hidders are Southampton-based shipbuilder Vosper Thornycroft and the conglomerate GEC.

Axe taken to Churchill's grand design

By Diane Summers and Motoko Rich

The Design Council, tbe government-funded body whicb provides design services to UK industry, is to cut its staff from 200 to 50, close its five regional offices and transfer many of its industrial functions to the national network of one-stop business service centres known as Business Links.

The council, founded by Winston Cburchill's wartime government for "the advancement of British industry by the improvement of the design of its products," achieved a high public profile through its triangular merit labels on selected goods.

But it came under growing financial pressure in the 1980s and responded by dropping its public-awareness activities – including the famous labels.

The council's new lower profile removed it from the view of politicians and opinion-formers and reinforced the impression that it was drifting away from its original broad remit to an excessive concern witb engineering aspects of design.

Mr Michael Heseltine, trade and industry secretary, said the council was "out of keeping" with the government's aim to bring services to businesses on a local level.

It is also understood that the Design Council's budget could be reduced from about £7.5m a year to just under £4m beginning in 1995.

The council itself will cease to provide services, many of whicb will pass to the private sector. Instead, says a review document published yesterday, tbe council will become "an organisation with the attitude and capacity to inspire and orchestrate action by others".

The Design Council will advise and monitor the 200 planned Business Links, which will bring together the functions of Training and Enterprise Councils, chambers of commerce, local authorities and the Enterprise Agency.

The restructured Design Council, intended for a December relaunch on its 50th anniversary, will continue to act as the UK's authority on design. It will also conduct research and develop design education and training.

A union spokesman for the council's workforce said: "Our major concern is that the expertise that tbe Design Council has built up is being dispersed. If it is fragmented then you lose the benefits of one unit – the synergy, the effectiveness, and the cross-fertilisation of ideas."

Tbe CBI, the employers' organisation, welcomed tbe review but expressed reservations about the details of passing on industrial services to Business Links.

Maxwell pensioners at parliament call for compensation as MPs issue report Picture: Ashley Ashwood

MPs seek new law on pensions

By Norma Cohen

A cross-party committee of MPs has called for new laws to force companies to inclnda pensioners on the boards of trustees of corporate pension schemes and to raise employee representation to half of all trustees.

The committee also called for laws to bar companies from winding up pension schemes without the consent of a new pensions regulator and urged regulations requiring employers to seek the permission of their employees before transferring them to a new scheme. The report by the Commons social security committee, go well beyond those made by the government's Pension Law Review Committee.

Threat to private transport projects

By Charles Batchelor, Transport Correspondent

The leasing industry is unlikely to back any private sector transport projects if the Treasury sticks to its present financing guidelines, Mr Tony Mallin, chairman of the Finance and Leasing Association said yesterday.

Leasing companies have the ability to write £5bn worth of railway equipment business but have been disappointed at the failure of the government's private finance initiative to create opportunities, he said.

Proposals for a £440m deal to finance new trains for London Underground are currently stalled because they do not meet Treasury guidelines.

The only way that the leasing industry would be able to finance deals is if it could negotiate special terms for deals which reduced the risk assumed, said Mr Mallin.

"The leasing industry is not yet willing to do deals because we are being asked to finance risks we are not familiar with," he said. "We would have hoped to have more projects to take forward."

Although lease financing was used to fund the railways in the 19th century the industry has no recent experience of this sector and is unsure whether a viable second hand market for rolling stock and other assets can be created.

Leasing companies base their charges in part on the expectation that leased equipment will have a residual value when a lease comes to an end and can be sold on. In existing sectors funded by leasing, sucb as cars and aircraft, there are active second hand markets.

Under Treasury guidelines the private sector must take on about 10 per cent of risk, roughly equivalent to the residnal value of the asset when all lease payments have been made, of deals valued at up to £1m. This rises to 30 per cent on deals worth between £1m and £10m and to "the greater majority of risk," normally interpreted to mean 60-70 per cent on deals worth more than £10m. Because of their lack of familiarity the companies expect to form joint ventures with manufacturers and possibly also insurance companies and service companies.

Britain in brief

Rail union strike call over sell-off

The RMT rail union is calling a strike ballot of all its British Rail members over the need to protect their existing job promotion, transfer and redundancy agreements (PT & R) when privatisation of the corporation begins next month.

"Job security features high on the list of fears for the future our members have", said Mr Jimmy Knapp, the RMT's general secretary, in a letter to his union branch secretaries.

Ballot papers calling on RMT members to back a series of 24 hour strikes on the rail network are to go out on March 29 to be returned by 12 April.

BR has told the union in intensive negotiations that the existing promotion, transfer and redundancy arrangements cannot go on in their present form.

Last night a BR spokesman said they "were not aware" of RMT's strike ballot and had received "no formal notification" from the union.

Labour holds poll lead

The opposition Labour party retains a lead of 25 percentage points over the Conservatives in an opinion poll by ICM published yesterday.

The poll puts Labour on 49 per cant, down from 51 per cent a month ago; the Conservatives on 24 per cent from 26 per cent; and the Liberal Democrats on 22 per cent from 20 per cent.

The poll will cause serious concern to Consèrvative leaders because it suggests that the party is making no headway against the opposition parties, with less than two months to go to the beginning of a round of parliamentary, European and local elections.

The government will be particularly worried by ICM's findings that Labour is well ahead on issues traditionally regarded as safe for the Conservatives, including taxation, the economy and crime.

Biggin Hill for sale

The former World War Two aerodrome at Biggin Hill is among 94 listed military buildings being put up for sale, it was announced today.

Junior Defence Minister Lord Cranborne proposed the formation of a military heritage trust to help preserve other historic buildings owned by the Ministry of Defence.

As the size of the armed forces shrinks to less than 250,000 personnel, a large number of surplus buildings, some of which are listed – such as the Royal Arsenal at Woolwich, south-east London – are to be sold.

Ferry link to close

The German-owned ferry company Olau Line is to close its link between Sheerness on the north Kent coast and Vlissengen in Holland. Twice daily sailings are thought to have carried 750,000 passengers in 1991 and 60,000 tonnes of freight. A spokesman for Olau Line said that the routes are theoretically viable but profits have been affected by a dispute with German workers. It is now thought that a charterer or alternative operator will be sought.

All white.. eventually

Yorkshire Water is handing out free washing powder to customers in a district of Leeds, northern England, whose clothes are turning brown. The water company has also told householders that if they cannot clean their clothes they can send them to the company for laundering. Baths, sinks and lavatories have been stained a dirty brown by the water.

A YW spokeswoman admitted the company had handed out Glo-White to its customers. The discolouration was caused by peat, she said, and the problem would be sorted out early next year when new water treatment works opened in the city.

MANAGEMENT: MARKETING AND ADVERTISING

Deborah Hargreaves on products appealing to consumer conscience

The cost of a fair deal

Two years ago, Justino Peck, a cocoa farmer from a small village near the Maya mountains in Belize, abandoned his crop following a collapse in international prices. Now he is back in production with a three-year contract to supply cocoa beans to Green & Black's chocolate company in Britain.

Maya Gold chocolate made from Peck's beans went on sale in 80 supermarkets in the UK last week as the first product to carry a seal of approval from Fairtrade, an organisation which is trying to ensure workers in the Third World get a better deal.

In July, the Royal Society for the Protection of Animals (RSPCA) plans to issue its own label – Freedom Food – for meat and eggs which have been prodnced, transported and slaughtered in a humane way.

Both organisations hope to capitalise on the conscience of the 1990s consumer who fills his supermarket trolley with environmentally friendly washing powder and recycled toilet paper.

A poll by NOP for Christian Aid conducted in October last year found that 68 per cent of the 1,000 adults surveyed said they would be willing to pay more for products that guaranteed a fair return to farmers and workers in the Third World. The average amount consumers were prepared to pay was 25p on an item that normally costs £1.

The RSPCA's own research has indicated that 30 per cent of those polled would pay up to 50 per cent more for meat from an animal that had been well treated.

Maya Gold chocolate costs £1.55 for 100g compared with 65p for the same amount of Cadbury's Bourneville chocolate, but the company says it contains three times as much cocoa. Green & Black's is paying the Belize farmers 48p per lb for their cocoa beans which is higher than the current free market price of 41.5p per lb.

Similarly, Cafédirect, a high-quality ground coffee containing beans from Costa Rica, Mexico, Nicaragua and Peru, pays its suppliers up to double the market rate paid by other companies. Cafédirect, which has been on the supermarket shelves for two years, will carry the Fairtrade mark from April.

Fairtrade is looking at other products such as tea and honey, but these are not likely to capture more than a very small share of the mass market. Although many consumers say in market research they want to pay more for a "conscience" product, it is hard to get them to part with their money.

The Co-operative Wholesale Society has been looking for several years to launch its own brand of "conscience" products such as coffee, tea and honey. But "when it comes to the crunch, particularly in a recession, people are looking for bargains", says Martin Henderson from the Co-op.

The Co-op was the first supermarket chain to carry Cafédirect, but has found that sales have been disappointing. "We're looking for a bigger volume market to move into, but we haven't cracked it yet," says Henderson.

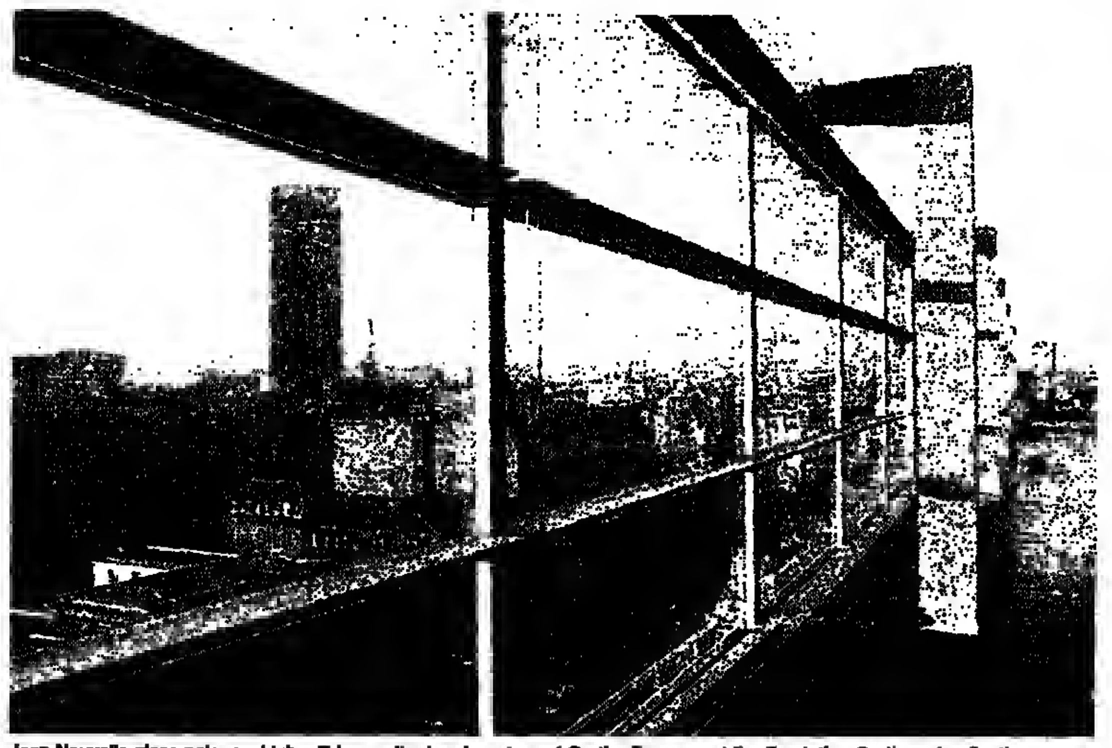
The most important problem faced by retailers and companies looking to appeal to peoples' consciences is in how to turn aspirations into hard cash.

Mike Sharp, marketing manager for the RSPCA, says the problem lies in public confusion over claims made by certain products. Consumers are also cynical about being offered another marketing ploy.

The RSPCA is hoping that its Freedom Food mark will not only occupy a niche but also cover as wide a part of the market as possible.

"The consumer response has been very positive because the RSPCA is trusted as an independent party," said Sharp. The label will be issued on pork and eggs in July and move to all other products derived from animals in the longer term.

Richard Adams, who runs the New Consumer Organisation, a research group, thinks the way to encourage the public to buy "conscience" products could be to group them in a separate High Street store. He is currently conducting a feasibility study.



Jean Nouvel's glass palace which will house the headquarters of Cartier France and the Fondation Cartier art collection

Art, but not just for art's sake

Cartier is using sponsorship to raise awareness among the young, writes **Alice Rawsthorn**

Some company chairmen might be tempted to see their corporate art collection as a chance to indulge themselves by dabbling in the art market; but Alain Dominique Perrin, head of Cartier, the jewellers, prefers a business-like approach.

"It's pure marketing," he claims. "I'm passionate about art, but that has absolutely nothing to do with our corporate activities. Cartier began buying contemporary art 10 years ago – strictly for commercial reasons. It's been part of our marketing strategy ever since."

This month marked the start of a new phase in Cartier's art strategy with the opening of a stunning FFr120m (£14m) glass palace in the Montparnasse area of Paris designed by Jean Nouvel, the futuristic French architect. The new building will house the headquarters of Cartier France and the Fondation Cartier art collection.

Art sponsorship is an established part of corporate life in France. A good corporate citizen is expected to support the arts: not simply by sponsoring occasional exhibitions but by forging a long-term relationship with a particular medium. The GAN insurance group has nurtured close links with the cinema: as has Crédit Commercial de France, the bank, with photography.

Cartier had a dual aim when it ventured into the cultural arena. Perrin decided in the early 1980s to "give a face-lift to a 150-year-old luxury house" by raising awareness of Cartier among younger consumers and opinion formers.

The company in 1983 conducted a research study that identified contemporary art as an appealing area to both target groups. It created the Fondation Cartier in the following year and gave it an annual budget (worth FFr26m in 1993) to build up a collection. The foundation has since staged exhibitions in a villa and park at Jouy-en-Josas near Paris and has sponsored shows in other countries.

Cartier regularly researched the impact of the foundation's work. Perrin says that it has been "clearly proven" to have "a very positive impact on the brand" among the target groups. The foundation has also become part of Cartier's staff relations programme by organising regular visits and contemporary art classes for employees.

After 10 years the foundation has completed its original objective of building up a contemporary collection. Cartier has decided to mark the move to central Paris with a change of direction. The core of the existing collection will be displayed at Montparnasse, but the bigger pieces of sculpture will be donated to museums in eastern Europe.

The emphasis of the foundation's work will also switch from acquisition to organising temporary exhibitions and artists' residencies at Mootparnasse. "The foundation has achieved a lot over the past 10 years," says Perrin. "Now it's time to move on."

Diane Summers looks at a Brussels questionnaire on advertising

Breaking down Euro-barriers

Any day now, thousands of businesses across Europe will be receiving a fat envelope containing a questionnaire from the European Commission on "commercial communications".

The combination of the words "Commission" and "questionnaire" on the missive would probably be enough on their own to make some people reach for the waste paper basket. Compounding matters is the unfamiliar notioo of "commercial communications". In rough translation, this means advertising, but also inclodes sales promotion and direct marketing material, as well as aspects of packaging and labelling.

The Commission is trying to find out what barriers would prevent a company condocting, for example, a pan-European press advertising campaign or marketing its products in another member state. In the UK, the Advertising Association would see the French Loi Evin, which placed severe restrictions on alcohol advertising from January 1993, as the latest example of such a barrier.

The survey is also intended to help Brussels to get a grip on its policy making and establish a single point of contact on marketing issnes. Corrently, proposals affecting advertising and marketing spring from every directorate and there is a widespread view that these areas have largely been forgotten in the discussion about completion of the internal market.

The association has compiled a list of such draft legislation currently on the books. It includes: a proposal for a total ban on tobacco advertising throughont the EU (stalled at the final stages); draft rules on "distance selling" through direct response advertisements and mail order (in a council working group and awaiting a second reading by the European Parliament); proposals on comparative advertising (awaiting Commission redraft); and rules on claims in food advertising (awaiting a Commission proposal).

To file the Euro-questionnaire in the bin too hastily would be a mistake, according to Lionel Stanbrook, the association's expert on Europe. In his view, the Commission is providing a "make or break chance" for businesses to press for freedom to advertise their goods and services across member states.

The questionnaire is the start of a year-long consultation by the Commission on advertising and the European internal market, intended to lead to the publication of a greeo paper later this year and the formulation of a policy during 1995.

This policy, says Stanbrook, "could mean heavy restrictive legislation; it could mean a green light for effective self-regulation; it might mean o confirmation of the status quo". If the Commission receives powerful evidence from respondents of the questionnaire that the single market in commercial communications is not working, Stanbrook even believes it could "propose a European deregulation loitiative of spectacular consequences".

He believes the questioonaire forms part of a "gennioe consultation with a genninely uncertain outcome" and that the Commission officials concerned "have a good knowledge of the economic importance of marketing communications in a free market".

At the same time, however, he acknowledges that the Commission is not starting from a clean sheet and Maastricht Treaty amendments bring two further elements to the discussion: subsidiarity, and an obligation to establish as a priority a high level of consumer protection throughout the EU.

It is here, he fears, that the genuinely free market in communications could come unstuck. Stanbrook says: "The Commissioo itself is starting to include 'minimal clauses' in draft legislation on consumer protection, allowing member states to set higher standards and rules than those set out in the draft legislation. This trend is unlikely to establish a single market without internal barriers. In this sense, subsidiarity could prove to be the fatal catch-all excuse for the maintenance of national trade protection".

TECHNOLOGY

Genetic engineering is sparking a food revolution. **Della Bradshaw** reports on its impact

Acquiring a taste for genes

Last month, international brewers sat down, put their feet up and enjoyed a beer which had taken nearly 30 years to develop. The 150 bottles of the premium-quality lager Nutfield Lyte were the first in the world to be brewed using a genetically-altered yeast.

There was a real "schoolboy element" among some of the thrilled imbibers on receiving their bottle of the new beer, reports Bernard Atkinson, director of BRF International, in Nutfield, Surrey, which carries out pre-competitive research into brewing. BRF's members account for 25 per cent of the world's brewing volume.

The eager public, however, will have to wait before being able to taste such a novel drink. The aim of the exercise, says Atkinson, has been to demonstrate the possibilities that genetic engineering opens up to the brewing industry.

If brewers decide to use BRF's genetically-altered yeast, which was approved for UK use by the Advisory Committee on Novel Foods and Processes last month, they could have a beer on the market by the end of the year.

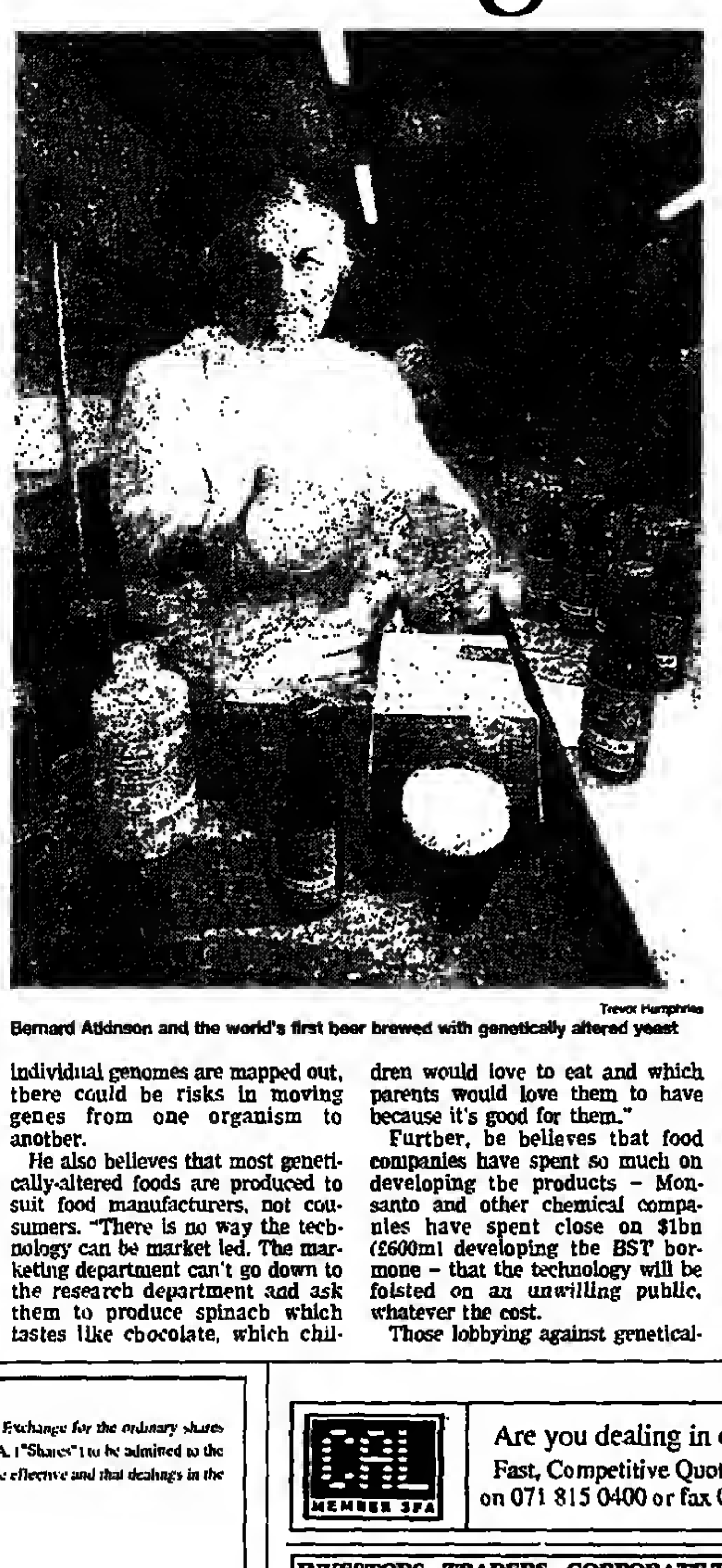
More likely, says Atkinson, is that they will use the genetic engineering techniques to adapt their own favourite yeasts, which could take several years. "We have modified our yeast, not the brewers'. The sensible thing would be for them to modify their own yeasts."

Nevertheless, believes Atkinson, the breakthrough has demonstrated to both brewers and the general public what can be achieved using genetically-altered food processes. He thinks Nutfield Lyte will help fuel the debate. "Science doesn't actually leap into the marketplace. It takes time for people to accept the developments," he says. "People's thought processes are moving on. The reality is that until you have a hard case the debate doesn't become focused. The beer is here now; people can drink it."

The debate about genetic engineering's impact on foods is likely to intensify this year as milk from cows treated with the manufactured hormone bovine somatotrophin (BST), which greatly stimulates milk production, and tomatoes, genetically altered to prevent them turning squashy, appear on American supermarket shelves.

They could be the first of many such foods, says Robin Jenkins, of Genetics Forum, the London-based group which argues for the responsible use of genetic engineering technology. "There isn't a single fruit, vegetable or animal that isn't the subject of research of some kind."

His main concern about genetic engineering is that "the technology has moved ahead of the science base". He believes that until the individual genomes are mapped out, there could be risks in moving genes from one organism to another.



Trevor Humphries

Bernard Atkinson and the world's first beer brewed with genetically altered yeast

He also believes that most genetically-altered foods are produced to suit food manufacturers, not consumers. "There is no way the technology can be market led. The marketing department can't go down to the research department and ask them to produce spinach which tastes like chocolate, which children would love to eat and which parents would love them to have because it's good for them."

Further, he believes that food companies have spent so much on developing the products – Monsanto and other chemical companies have spent close on $1bn (£600m) developing the BST hormone – that the technology will be foisted on an unwilling public, whatever the cost.

Those lobbying against genetically-engineered foods believe they could make dining a risky process, labelling them "Frankenfoods". The genetically-altered tomatoes, being developed by the Californian biotechnology company Calgene, and Zeneca, formerly part of Britain's ICI, use an antibiotic-resistant marker to signal the successful transfer of the added gene, which blocks the enzyme that makes tomatoes soften and eventually go squashy. One fear in the long term is that if enough tomatoes are eaten the consumer could inherit a resistance to that antibiotic.

Calgene responds by saying that the marker is de-activated once it enters the human digestive system, and therefore cannot produce any unwanted side-effects.

The tomato has yet to receive approval from the US Food and Drug Administration, but a spokesperson for Calgene said that once the green light was given it would take only three to six months to get the new tomato on to US supermarket shelves.

Atkinson makes a straightforward distinction between the tomatoes and his beer: in the former, the new gene is part of the food; in the latter it is only part of the food production process, as is the use of BST in increasing milk yields. The genetically-altered yeast used in the brewing process is removed and under current regulations has to be destroyed. "You're not tasting genetically-altered beer, you're tasting beer produced by genetically-altered yeast," he adds.

The brewers altered a gene in order to produce a low-carbohydrate beer, with fewer calories than traditional brews. Brewer's yeasts, unlike other strains of yeast, lack the enzyme which converts the starch from the malt into alcohol. By adding an enzyme-producing gene from another yeast the same amount of alcohol can be produced from less starch.

Atkinson believes that genes with different properties could enable beer makers to produce the required brew more easily. One potential application he cites is in the production of a better-tasting beer. A particular "off flavour" produced by yeasts is a butterscotch taste. Today brewers need to manipulate the fermentation process in order to eliminate the taste. Eventually this could be done by altering the yeast.

It could also prove a simpler process to develop new ranges of beer. "Now, if you want a new flavour in your beer you have to find a new yeast. Now, we're talking about taking a yeast you know about and tuning it. It's a very elegant solution."

While tomato and beer makers are pondering the potential of such gene manipulation, some genetically-altered processes are already in widespread use, in the production of cheese, for example.

Traditionally, the enzyme needed to clot milk and turn it into cheese, is extracted as rennet from a calf's stomach. Researchers have now cloned the gene for the clotting enzyme and transferred it to bacteria, which produce large quantities of rennet in fermenters.

Only the enzyme itself is used in the cheese-making process. And, says Mike Gasson, head of the genetics and microbiology department at the Institute of Food Research in Norwich, the enzyme is "nature identical" to the one extracted from the stomachs of dead calves.

Gasson describes the laboratory production of the enzyme as "squeaky clean". Jenkins, too, is supportive of this type of genetic engineering, and believes many of the big food companies are doing innovative work in the areas of food production.

However, the sale of these cheeses has highlighted the problem of whether genetically-altered foods, or those produced using gene alteration techniques, should be labelled. The issue has produced strong reactions in the US, where milk produced using BST does not have to be labelled to that effect. In Europe, too, it looks unlikely that such foods will be labelled.

In the UK, the Co-op food chain labels cheeses if they are produced using the laboratory-created enzyme. But recent recommendations from the Polkinghorne ethical committee say foods need only be labelled when they contain a human gene, or if a non-vegetarian gene is inserted into a food which vegetarians might eat – a fish gene into a tomato, say – or if the new gene might offend on religious grounds.

As a result, says Jenkins, a beef product which contained a gene from a pig would be labelled as such; a beef product which contained a gene from a horse would not be labelled, although many people would find the latter more distasteful. "All they did," he complains, "was pander to those who responded loudest."

Globalisation prompts exodus

Deborah Shapley on the rise in US companies' overseas R&D spending

Are US companies losing their taste for research and development activities in their own country? If so, how much does this matter?

The answer to the first question seems to be yes, based on the latest figures for US industry's R&D spending from the National Science Foundation's (NSF) survey of 23,000 companies in its report, Science Indicators 1993. Funds committed to R&D abroad have soared – they rose nine-fold between 1985 and 1991 – while the amount spent in the US has stagnated.

The second question is tougher, since world business trends make it inevitable that companies will spend more on foreign R&D. Thus says Proctor Reid of the Academy of Engineering: "It is not clear that the larger number of dollars being spent overseas would have been spent on R&D at home, had they not gone abroad."

As with the take-off in US overseas capital investment in 1970s, Reid says the build-up of foreign R&D to support US companies globally is a natural development which will strengthen them at home in the long run.

Globalisation is one of the three main forces behind the exodus of US industrial R&D abroad. But it affects other countries, too. According to Manuel Serapio, a business professor at the University of Colorado: "Not only are US companies moving R&D abroad, the Japanese are increasing their R&D investment in the US and Europe, while Europe is increasing its R&D investment in the US and Japan."

As US industry moved more manufacturing operations abroad in the 1980s, design and engineering followed. Serapio notes that companies have two kinds of motives. One is to tailor products they already make in a local market; the other is to test an untried region.

The second force is the worldwide spread of knowledge. In the post-war decades, the US dominated the knowledge base for most advanced products. Now, not only Europe, but Japan, South Korea, Taiwan and Latin America generate innovation, too. Third, foreign science and engineering workers can be much cheaper; software that would cost $1m (£600,000) in the US might cost just $50,000 in India.

Under these powerful influences, US industry spending on R&D abroad rose after the mid-1980s: it went from a level equivalent to 6.4 per cent of the sum spent in the US in 1985 to 11.3 per cent in 1991. The total of $6.7bn spent abroad in 1991, the last year for which the NSF has data, was a record.

While overseas R&D spending has accelerated, US companies' R&D spending at home has stayed at $65bn in real terms. Moreover, industrial research managers predict flat or declining R&D spending in the US, according to the Industrial Research Institute.

As much as three-quarters of the non-US R&D effort is in Europe. In Germany, the focus is mainly on R&D in the motor industry. That in Britain and France is mainly in chemicals and drugs. Only 6 per cent of US overseas R&D investment goes to Japan.

The areas in which US companies tend to concentrate their foreign R&D efforts are:

- Cars. US motor concerns spend the most on R&D in the US, but do not release figures showing changes in domestic R&D. In 1988, they spent nearly $1.5bn on R&D overseas, a sixth of that year's R&D total. Today, US car makers spend at least $2bn a year in Europe.
- Chemicals. Drugs and medical groups increased their overseas R&D three times over in 1985-91, while their US R&D did not even double.
- Software. The survey revealed a 672 per cent leap in "non-manufacturing" companies' overseas R&D spending in the same period. Though this was only $121m of the total spending on R&D overseas in 1991, it included the significant area of software.

This is one area in which modern communications easily allows companies to obtain access to skills abroad.

PEOPLE

Strutt returns to Hong Kong

Henry Strutt, 40, head of Robert Fleming's Far East broking operations, has been appointed managing director of Jardine Fleming, the jointly-owned Hong Kong merchant bank which regularly provides around a third of Flemings' total profits.

Strutt is no stranger to Hong Kong. He worked for Jardine Fleming from 1980 to 1992 and was in charge of Jardine Fleming's Tokyo business before returning to London. He takes over in July from Alan Smith, 50, who has been managing director for more than a decade.

Jardine Fleming, set up in 1970 with a capital of £250,000, is jointly owned by Jardine Matheson and Robert Fleming. It is Hong Kong's oldest merchant bank, operates in 15 countries in the Pacific basin, and employs 2,200 people, or

nearly as many as Robert Fleming's total UK staff. In 1992 it reported after-tax profits of $76m and in the first six months of 1993 earned $77m.

Robert Fleming's Peter Jamieson, the first managing director of Jardine Fleming, was an old university chum of Henry Keswick, the chairman of Jardine Matheson, who also sits on the Robert Fleming board. Since then Jardine Matheson has tended to supply the joint venture's non-executive chairman and Robert Fleming has often provided the managing director. John Manser, Fleming's current chief executive, headed Jardine Fleming in the late 1970s.

However, Alan Smith, 50, a British solicitor who joined Jardine Fleming in 1972, has spent the bulk of his career with the Hong Kong merchant bank and his promotion to executive chairman suggests that the joint venture is starting to have a life of its own. Traditionally, the Taipan of Jardine Matheson's Hong Kong operations has been chairman of Jardine Fleming. Smith takes over as chairman next month from Nigel Rich, the current Taipan, who is moving to London to be chief executive of Trafalgar House.

■ Mike Bett, 58, one of British Telecoms's two non-executive deputy chairmen, is standing down at the end of this month. His departure is no surprise; he became a non-executive deputy chairman three years ago, having previously been managing director of BT UK. His departure leaves Paul Bosonnet as BT's sole deputy chairman. Bett will continue as chairman of Cellnet, BT's cellular mobile joint venture with Securicor, until next January.

Michael Argent will step down as director and secretary at the end of July but will continue as a non-executive director until the end of 1995. Colin Green, chief legal adviser, also takes on the role of secretary.

■ Michael Bushell, md of MR-DATA MANAGEMENT GROUP's UK document image processing division, has been appointed to the main board.

■ John Ellis, formerly national solutions and services manager at IBM, has been appointed sales director of Decision Systems International, part of OLIVETTI.

■ Paul Wiltshire, formerly md of Bachman Information Systems, has been appointed sales director of IBSI (UK), formerly known as Delta Software International.

■ Jon Letts, formerly UK md of Network Systems Corp, has been appointed md UK, Middle East and Africa, and Vincent De Gennaro, formerly md of Sybase (UK), as sales director, of INFORMIX SOFTWARE.

Yates' logical move to put theory into practice

Martin Read, nearing the completion of his first year as managing director of Logica, the UK computing services company, is continuing his reconstruction work on the company's management team.

Latest recruit is 45-year-old Jim Yates who, but for tardy paperwork connected with a Citroen DS23 he was buying, would be back in his native Australia, rather than taking responsibility for Logica's troubled North American and Asia Pacific operations.

Educated at the Royal Melbourne Institute of Technology, he was an officer in the Australian Army signals corps when in 1974 he decided to tour Europe, ostensibly for a couple of years. Held up by the paperwork needed to export the car from the UK and at a loose end, he accepted a job as computer programmer at Ferranti International and stayed for 16 years.

When the company was brought down by fraud at ISC, its US subsidiary, he was given charge of clearing up some of the mess, which convinced him that British companies could make a better job of managing their overseas subsidiaries than often appeared to be the case.

More recently he has been managing director of GEC/Alsthom's transport signalling business and md of GEC Information Systems.

As director of international operations at Logica he has the opportunity to put his theories into practice. The US has been

a black hole for Logica for some years. Much of the restructuring work has been done but profitability remains elusive.

Yates got rid of the Citroen when Ferranti supplied him with a company car. He regrets that; the car has become a collector's item and is worth more now than he sold it for.

McCready squares the circle

Blue Circle Properties, a subsidiary of Blue Circle, has appointed John McCready to be managing director of its proposed £300m Bluewater Park retail and leisure scheme at Dartford.

Since November 1992, McCready has been working as a consultant on the funding of the 1.625m sq ft project. The realisation of the project depends on finding a development partner to fund it, though he says he is hopeful that the scheme will go ahead later this year.

McCready, 37, began his career as an accountant. After taking an MBA at Insead in France, he joined Goldman Sachs in London, where he specialised in property and leisure. He then worked as a corporate financier for 2½ years for the Arab Banking Corporation, which he left in the aftermath of the Gulf War.

He replaces Peter Nuttall who resigned recently to join Embassy Property Group.

■ Peter Shaw is appointed to the board and Patrick Hall deputy md of GREAT PORTLAND ESTATES.

■ Jim Dawson has been appointed vice-chairman of SIR ALEXANDER GIBB & PARTNERS.

■ David Hookway has been appointed chief operating officer of HIGH-POINT while remaining chairman of Rendel Palmer & Tritton; he is succeeded as md of Rendal Palmer & Tritton by David Hattrell.

■ Don Ross, formerly md of the south west regional company, has been appointed chief executive, and Alan Adams group marketing director, of C.H. Pearce Construction, part of CREST NICHOLSON. Ross succeeds Bernard Cripps who becomes chairman.

■ David Calverley, formerly md of Trafalgar House's Ideal Homes, has been appointed md of Try Homes and to the board of TRY GROUP.

■ John Boyle, director of Pochin (Design and Build), has been appointed to the board of POCHIN (Contractors).

■ Patrick Hall has been appointed deputy md and Peter Shaw a director of GREAT PORTLAND ESTATES.

A display of non-specific Hispanic angst

Clement Crisp reviews the Spanish National Dance company, in Britain for the first time

Hispanic or not – and I rather think "not" – the programme which marks the first appearance of the Spanish National Dance Company in this country is of curious and awful predictability. The company's director and, seemingly, only choreographer, is Nacho Duato, for several years a dancer and creator with Nederlands Dans Theater. There he showed himself a dutiful apostle of Jiri Kylian, who is Czech, and whose many NDT choreographies have propounded a torso-wrenching energy allied to a bleeding heart (no human suffering, no oppression or social social disaster, but can find its memorial in Kylian's *oeuvre)* as a dance-style that makes every creation a flag-day for a Good Cause. And Kylian and his followers (they include our own Christopher Bruce) shop for good causes in the Jumbo All-family packet. War, pestilence and famine are their themes; anguish their stock in trade; girls in deadly long dresses, men in no-colour work-clothes – relieved by the occasional puttee – their pawns.

Their dance works begin all too often with the cast staring up-stage at some amorphous dun-coloured set – "the old country" or a heath blasted by radiation, or, I'll bet, a threatened rain forest. It is, you may be sure, ecologically sound, politically correct, Green as Green (except the favoured colour is a muddy beige), and guaranteed bio-degradable.

There follow sequences of movement in which the women either behave like peasants who have lost their all, or are thrown, torn, forced into squatting poses, manhandled like sides of beef, by their partners. There is usually a trio in which some poor creature is tugged into sexually crass positions – do these choreographers fear women? – and spun on her poor knees on the ground, or made to slide face-down over the stage. The men also have a hell of a time, and tend to huge, pointless leaps and tense, meaningless gesture.

Thus the commonplaces of the Kylian school, much adored in parts of Europe. It is, I suspect, a dreadful harking back, and a physically brutal up-dating, of the more tedious forms of central European dance of the 1930s, when despair was all. And, as this introduction should warn you, it is exactly what the Spanish National Dance Company proposed in its first programme of four Duato pieces. *No Floresto*, said the programme, was in praise of the Amazon jungle, that well-known Spanish beauty-spot. At curtain-rise the cast were gazing at a dingy back-drop, then flung themselves into anguished action in the sort of outfits we have, alas, come to expect (Spain, I recalled, was the home of Balenciaga), while charming Villa Lobos music was played and delightfully sung.

Cor Perdut was a duet for Catherine Allard (in one of those long skirts that do more for the dance than the dancer) and Mr Duato, in which they may have been lovers, or merely seeking to borrow some coffee-powder from each other. *Coutivo* was interminable, inexplicable, decked with voices intoning what they thought was poetry, while 16 dancers went on the rampage. It was set to a score by Alberto Iglesias which suited it exactly. Who was the girl in the red and unforgiveable ball-dress, in need of both a coiffure and an analyst?

No reason was discernible for anything that happened, and what happened was bombastic effort, flatulent attitudinising, and the Olympic trials for rodomontade. Duato's choreography drains his dancers' energies with an undifferentiated blare of dynamics. It is vampiric tosh.

The closing *Rassemblement* is about Haitian slave-songs, which sound touching, and are used for yet another display of mopery – not especially relevant, one would have thought, but the Kylian School believe that any cause (however lost or remote) is better than none, better than choreographic invention or structural rigour.

Another glum setting: more predictable clothes, and yet more predictable dances. The company work frightfully hard throughout the evening: Duato makes them look as if they are suffering from Non-specific Angst. There is no cure.

Spanish National Dance Company is at Sadler's Wells until March 19. Sponsors: Gil y Carvajal, G&C, BSIS

An ageing process: Glenn Close gets to play with Meryl Streep in Bille August's 'The House of the Spirits'

Cinema/Nigel Andrews

Low spirits on the literary front

THE HOUSE OF THE SPIRITS (15)
Bille August

THE MUSIC OF CHANCE (15)
Philip Haas

AUTUMN MOON
Clara Law

THE THIRD MAN (PG)
Carol Reed

What exactly is going on in the title mansion of Bille August's *The House Of The Spirits?* Isabel Allende's original novel was a bestselling chunk of magic realism by the niece of the junta-toppled Chilean leader Salvador Allende. Writing in a prose style breathy with mysticism, Miss Allende is to writers like Gabriel Garcia Marquez what Daphne du Maurier is to Emily Brontë. Rapt, romantic, rainbow-emotioned: but somehow, in the final accounting, more Reader's Digest than real literary thing.

In the infinite process of cultural bio-degradation, we now have the film, which is to the novel what Sylvie Krin is to Daphne du Maurier. In a "nameless" South American country the years pass while passions explode and expire. Centre-screen is handsome, hardhearted Jeremy Irons, a landowner and aspiring politician who owns the "most productive hacienda in the country" and the most baffling accent since Loyd Grossman. (Is it American? Irish? And why does he sound as if he is speaking through a set of dislodged false teeth?)

Around him swirl Glenn Close, incestuous sister, Meryl Streep, telekinetic wife, and daughter Winona Ryder who, to Irons's climactic shotgun-toting fury, loves revolutionary Antonio Banderas. You can tell that this young man is a dangerous misfit. He appears to be the only person in South America speaking with a Spanish accent.

As the hours and decades go by, the relationships grow ever more complicated. The seething backdrop of political change exacerbates things. Close dies, Streep dies. Irons ages; the audience ages, the script ages, the film reaches for a quietus or at least for a climax. But when the big coup finally comes and the rent-a-rebels charge across the land, our now 70-ish hero has entered his four-hours-in-the-make-up-room phase and writer-director August (late of *Pelle The Conqueror* and *The Best Intentions*) is searching frantically for a Point To All This.

Of course there is none. The book's notional theme was something about the reconcilability of present-day enemies under spiritual guidance from the past. (Everyone comes back as a ghost, causing major congestion in production designer Anna Asp's lovingly detailed mansions). But the movie seems more about the revivability of three once starry acting careers, hoping to jump-start themselves with a prestige property. La Streep gets another bite at a modern literary "classic" after the ill-fated *Ironweed*. La Close gets to play with La Streep, a longtime ambition according to the blurb. And Senyor Irons gets to try another way-out character part like the one that got him an Oscar in *Reversal Of Fortune*. But this is the worst performance of his life: caricatured in accent and appearance, undercooked in conception.

★

In Philip Haas's *The Music Of Chance* the Significant Modern Novel strikes again. Another talented cast stands and delivers the dialogue, all but reading out the page numbers as they turn.

Paul Auster's fiction is a question of taste: very dry, very teasing, like a piece of cheese in a mousetrap. This is the one about two itinerant gamblers (James Spader, Mandy Patinkin) who lose their all, and more, to two fey poker-playing millionaires (Charles Durning, Joel Grey). To repay $10,000 they must rebuild the castle wall their creditors have had shipped into their back garden in loose stones.

Shades of Auschwitz? Vision of America as theme park *cum* penal colony? Ex-documentarist Haas has no particular idea and thereby hangs the problem. A movie that needs the forward thrust of a convinced and convincing metaphor is instead neutral, craftsmanlike, uncommitted: a sort of radio play with pictures. Good performances lovingly recorded – especially from Spader, greasing himself into black locks, black moustache and black-comedy New York accent – are no substitute for a kinetic vision. The lumpy, wordy scenes sit on Auster's story and squeeze all the life out of it.

★

Clara Law's *Autumn Moon*, a slow mood-piece from Hong Kong, streaks ahead of the competition this week. At last! A film-maker who understands that cinema is more than exposing strips of celluloid before grandstanding actors.

Miss Law's main actors, Masatoshi Nagase and Li Pin Wai, hardly act at all. He, a young Japanese drifter in Hong Kong, is all touching, kooky quizzicality, with a haircut that looks as if it had been plugged into the same mains-socket as his ubiquitous camcorder. She, the schoolgirl who platonically befriends him, is all zonked teenage anomie mixed with bits of sly awakening.

The third main character is the city itself, filmed like a giant computer circuit-board. Maze-like streets and waterways connect with sudden chunks of skyscraper: the bluish photography lends a dreamlike miasma; and occasionally God's tweezers descend, as it were, to shove in a new karmic microchip or to shuffle around the microscopic human components and their destinies.

This could have been a maudlin "meeting cute" story between two strangers each with his/her own language – they converse in pidgin English – and his/her own life-and-love agenda. He is seen strenuously coupling with a Japanese girlfriend; she timidly beds a self-obsessed schoolmate. But writer-director Law gives the film the larger lung power of poetic imagery.

A scene of scatterbrained chat under a bridge is filmed in a mesmerising lightshow of reflected ripples, mimicking the rubato of the conversation. The girl's granny keeps a fridge full of sinisterly splendid jarred vegetables, resembling the petrified forest of her own mind. And near the end a do-it-yourself firework display sizzles and flares like the character's own thoughts. If not quite a masterpiece, this is the work of a director who could clearly go on to make one.

★

Autumn Moon is at the ICA. From there why not run to Hampstead to see *The Third Man* in a new print? You would arrive in the right breathless state to catch this still breathless classic. Did a British director *really* make this roaring rococo plaything, featuring the best lost-in-a-foreign-city atmospherics in movie history *and* a show-off performance (O. Welles) that never out-showoffs the direction? Carol Reed's film shows in a season of homegrown cinema at the Everyman, also including *The Fallen Idol*, *Brief Encounter*, *Odd Man Out* and (new print) *Brighton Rock*.

Theatre/Alastair Macaulay

Beckett's 'Footfalls'

Long after the performance of a Samuel Beckett play ends, its meanings go on gathering. Plays seldom come shorter than his *Footfalls* (1976), and yet its brief mysteries lodge such a wealth of suggestion and connection in your head that it can effectively fill a whole evening.

The play, which lasts less than 20 minutes, has come to the West End for a week, two performances per night, all tickets at £4, with Deborah Warner directing Fiona Shaw and Susan Engels. The problem, however, is whether Warner and Shaw help you to attend to the play as much as to their own way with it.

The two women of *Footfalls* are mother and daughter. The mother is a voice (Engels), unseen; the daughter, May (Shaw), a woman now in her forties, whom we see, continually and audibly paces this way and that, as she goes over the past in her mind. She has never recovered from some early shock or shocks; it is possible that she has never recovered from being born. Voice of mother: "I had you late. [Pause.] In life. [Pause.] Forgive me again."

Each woman looms in the other's mind. May (after pacing): "Were you asleep?" Voice: "Deep asleep. [Pause] I heard you in my deep sleep. [Pause] There is no sleep so deep I would not hear you there."

Here, as throughout, how many implications a line can have. The numerous implications of this last line include: Big Mother is hearing you; so deep is my love for you that your voice will never go unheard by me; the umbilical cord between us is unbroken and troubles me still; I would sleep easy were it not for you; you are a voice in my dreams; I will hear you even when I reach the great sleep of death; you keep breaking into my sleep and you always will; I can never sleep easy where you are concerned. . .

Since we never see the mother, we may well come to interpret her voice as a voice *within* her daughter's mind: in which case that line acquires further connotations: Mother, I will always wake you; Mother, you will never escape me; Mother, I will always haunt you; and more.

There is probably not a meaning in the play that Fiona Shaw and Deborah Warner have not thought about – though they choose to ignore a few of Beckett's precise instructions. (He required that May's feet be heard but not seen, and that she have grey hair and wrap. Shaw's feet can be seen; likewise her dark hair and red dress.) Shaw's obsessive intensity, her wit, her ability to alternate voices, her Irishness, all pay dividends. So does Engel's ponderous, cultivated contralto.

Warner's most daring stroke is to have Shaw spend most of the play not onstage but on a special platform in the centre of the dress circle; and to have Engel's voice emerge from beneath her, so that Shaw, in the very centre of the audience, seems to pace upon her mother's tomb.

Thanks largely to Warner, Shaw has developed a dreadfully solipsistic way of acting

But must Shaw and Warner reveal their talent in so self-advertising a manner? Shaw's withered-old-maid posture is too obviously contrived; her sexually frustrated fiddlings at the folds of dress before her crotch are over-emphatic; and her little-girl petrified-virgin voice makes the whole affair artificial.

In some ways, *Footfalls* seem to encapsulate all those other Shaw-Warner collaborations that London has seen in recent years (*Electra*, *The Good Person of Sichuan*, *Hedda Gabler*). I do not mean that as much of a compliment. Thanks largely to Warner, Shaw has developed in recent years a dreadfully solipsistic way of acting, as if there were no one else onstage; thanks also to Warner, she has become our most emphatic exponent of female neurosis and/or victimisation and/or masochism. True, *Footfalls* is a far more appropriate vehicle for all this than those other plays – but one still feels that this is just more of the same.

At the Garrick Theatre until March 19. Presented by Deborah Warner and Maison de la Culture, Bobigny, Paris.

INTERNATIONAL ARTS GUIDE

ATHENS

Megaron The main event in the coming week is a series of staged performances of Ariadne auf Naxos with Bamberg Symphony Orchestra conducted by Horst Stein. Next Tues, Thurs and Sat, Ariadne will be sung by Elizabeth Connell, with Jeanne Piland as the Composer. Next Fri, these roles will be sung by Rosalind Plowright and Agnes Baltsa. Stein also conducts symphonic concerts on March 28 and 29 (01-728 2333/01-722 5511)

BARCELONA

Palau de la Musica Tonight: John Eliot Gardiner conducts Orchestre Revolutionnaire et Romantique in works by Mozart and Beethoven. Sun: Orquestra Simfonica del Valles in works by Beethoven and Brahms. Mon: Orpheus Chamber Orchestra plays works by Handel, Telemann, Webern and Mozart (268 1000)

BOLOGNA

Teatro Communale This month's opera production is The Makropoulos Case, staged by Luca Ronconi and conducted by Christian Thielemann, with Raina Kabaivanska in the title role. Next performances tomorrow and Sun afternoon, with three further performances till March 29. Krystian Zimerman gives a piano recital on Mon (051-529999)

GENOA

Teatro Carlo Felice This month's opera production is Tosca, with Ghena Dimitrova and Anna Tomowa-Sintow alternating in the title role and Neil Shicoff and Alberto Cupido as Cavaradossi. Next performances are tomorrow and Sun afternoon, with five further performances till March 30 (010-589329)

LONDON

THEATRE

- The Birthday Party: a new production of Harold Pinter's 1958 classic, in which comedy gives way to a sense of inescapable menace. Sam mendes directs a cast including Emma Amos, Dora Bryan and Anton Lesser. Opens tonight (National 071-928 2252)
- A Month in the Country: Helen Mirren and John Hurt star in a new production of Turgenev's portrait of languid romantic evasions in a world of flux. Bill Bryden directs, Hayden Griffiths designs. Previews from Tues, Press night March 29 (Albery 071-867 1115)
- La Gran Sultana: Compania Nacional de Teatro Clasico, Spain's leading theatre company, presents Cervantes' lively comedy set in 16th century Constantinople. March 23-26 only (Sadler's Wells 071-278 8916)
- The Kitchen: Stephen Daldry's in-the-round production of Arnold Wesker's 1959 play about dishes and dreams in a busy London restaurant (Royal Court 071-730 1745)
- The Life of Galileo: David Hare's new version turns Brecht's play into a fast-paced topical parable, while Richard Griffiths captures the moral cowardice and blind egotism of the worldly-wise scientist (Almeida 071-359 4404)
- An Absolute Turkey: Felicity Kendall plays a harassed wife and Griff Rhys Jones a frantic bachelor in Peter Hall's enjoyable production of Feydeau's Le Dindon (Globe 071-494 5065)

OPERA/DANCE

Covent Garden The Royal Opera has Trevor Nunn's new production of Katya Kabanova conducted by Bernard Haitink (till March 25) and a revival of Un ballo in maschera with cast led by Nina Rautio, Dennis O'Neill and Giorgio Zancanaro (till April 13). The Royal Ballet returns on Sat with Kenneth MacMillan's Mayerling, followed next Wed by a mixed bill including works by Ashton and Bintley (071-240 1066)

Coliseum ENO repertory for the next two weeks consists of revivals of the Philip Prowse production of Bizet's Pearl Fishers and the Pountney staging of Falstaff, with Arwel Huw Morgan in the title role (071-836 3161)

CONCERTS

Barbican Tonight, Mon: Colin Davis conducts LSO in two programmes with soprano Jessye Norman. Sat: Richard Hickox conducts City of London Sinfonia in all-Mozart programme, with piano soloist Cecile Ousset. Sun: LSO chamber music concert with Mikhail Rudy, Moray Welsh and others. Tues: Alexander Lazarev conducts BBCSO in Kancheli, Medtner and Shostakovich. March 24, 27: Radu Lupu is piano soloist with LSO (071-638 8891)

South Bank Centre Tonight: London Brass plays Michael Nyman, Mark Anthony Turnage and others. Tomorrow: Thomas Allen song recital. Sat: Elgar's The Dream of Gerontius. Sun: John Lill 50th birthday piano recital. Mon: Yehudi Menuhin conducts YMSO, with Igor Oistrakh and John Lill. Mon (QEH): Edward Downes conducts first public performance of Prokofiev's complete melodrama Yevgeny Onegin. Tues: Christoph von Dohnanyi conducts Philharmonia Orchestra in Bruckner's Eighth Symphony. Wed: Peter Maxwell Davies conducts RPO. Next Thurs: Vienna Philharmonic Orchestra. Next Sat: Giulini conducts Beethoven's Ninth (071-928 8800)

MADRID

Auditorio Nacional de Musica Tonight: Angel Romero guitar recital. Tomorrow, Sat, Sun: Matthias Bamert conducts Spanish National Orchestra and Chorus in works by Glinka, Schnittke and Prokofiev, with mezzo Linda Finnie and cellist Natalia Gutman. Tues: Natalia Gutman plays Bach cello suites (01-337 0100)

Teatro Lirico La Zarzuela Sat: Giuliano Carella conducts first night of Hugo de Ana's production of Lucia di Lammermoor, with cast headed by Mariella Devia, Ramon Vargas and Michele Pertusi. Repeated March 21, 24, 27 and 29 (01-429 8225)

MILAN

Teatro alla Scala Tomorrow, next Wed, Fri and Sun: Gabriele Ferro conducts Pier Luigi Pizzi's Pesaro Festival production of Rossini's Maometto II, with cast headed by Bruce Ford, Cecilia Gasdia and Samuel Ramey. Mon: Ruggero Raimondi song recital. Tues: Riccardo Muti conducts first night of Stalano Vizioli's new production of Don Pasquale, with cast headed by Bruno De Simone, Nuccia Focile and Ferruccio Furlanetto (02-7200 3744)

NAPLES

Teatro di Corte Tomorrow, Sat, Sun, also next Tues-Sat: Salvatore Accardo conducts Filippo Crivelli's production of Rossini's L'occasione fa il ladro, with alternating casts headed by Luciana Serra and Claudio Desderi (081-797 2331)

PRAGUE

CONCERTS

- Libor Pesek conducts Czech Philharmonic Orchestra and Prague Philharmonic Chorus tonight in Dvorak Hall in works by Novak, Kricka and Suk. Prazak Quartet and pianist Jaromir Klepac give a recital next Wed (02-286 0111)
- Jan Simon conducts Czech Radio Symphony Orchestra in Dvorak Hall next Tues in works by Nielsen, Brahms and Debussy (02-232 2501)

OPERA

- National Theatre has performances of Dalibor tonight and Sun, Don Carlo tomorrow, La traviata on Sat and The Jacobin next Thurs (02-205364). Estates Theatre has Die Zauberflöte on March 21, 23 and 31, Don Giovanni on March 25 and 29 and Il matrimonio segreto on March 27 (02-228658)
- Repertory at Prague State Opera includes Swan Lake, Madama Butterfly, Carmen and Un ballo in maschera. A new production of Hans Krasa's 1933 opera Verlobung im Traum opens on March 27 (02-265353)

ROME

Teatro Olimpico Tonight: Giuseppe Sinopoli conducts I Solisti dell'Accademia Filarmonica Romana in works by Wagner, Webern and Schoenberg, with soprano Luisa Castellani. Next Thurs: Rudolf Buchbinder piano recital (06-320 1752)

Teatro Valle Tomorrow: Cleveland Quartet. Sat, Sun, Mon, Tues: Lu Jia conducts Orchestra dell'Accademia di Santa Cecilia in works by Haydn and Brahms, with piano soloist Grigori Sokolov (06-678 0742/06-6880 3794)

TURIN

Teatro Regio Tues: Donato Renzetti conducts first night of Giorgio Gallione's production of Puccini's La Rondine. Runs till April 10 with alternating casts (011-881 5214)

ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

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Sky News: FT Reports 0230, 2030

SUNDAY
NBC/Super Channel: FT Reports 2230
Sky News: FT Reports 0430, 1730;

English ennui and French polish

BOOK REVIEW

I was full of anticipation when I read the press release accompanying Alistair Cole's book, which says it is the first in-depth political biography of François Mitterrand. Many thick books have already been written by French authors on this subject, some of them quite distinguished, so it seemed a bold claim to make.

FRANÇOIS MITTERRAND: a study in political leadership
By Alistair Cole
Routledge, 216 pages, £19.99

LA FIN D'UNE EPOQUE
By Franz-Olivier Giesbert
Fayard Seuil, 304 pages, FFr120

On the other hand, President Mitterrand is such an important figure in the postwar history of France, and indeed of Europe, that there must still be room for the definitive biography. At the moment, as he approaches his final year of office, he seems a cold and dying star, weakened by the collapse of his Socialist party, by his own unpopularity, and by the overwhelming power of the conservative government majority. But history may well judge that his achievements as a French and European political leader place him second only to Charles de Gaulle.

De Gaulle restored France's self-respect after the debacle of 1940, and he rebuilt its political stability after the Algerian war of independence 20 years later. But it was Mitterrand who stifled the French Communist party; it was Mitterrand who converted the French to the principles of the liberal economy; and it was Mitterrand who converted the French political establishment to the cause of European integration. These are not mean achievements.

Unfortunately, Alistair Cole's book is not the biography we have been waiting for. In fact, it is not a biography at all, in the ordinary sense of the term. Cole is a lecturer in politics at the University of Keele, and this appears to be an academic textbook for students in the department of politics. It is constructed as a series of themes – "the party leader", "the world leader", "the European statesman" – which systematically cut across the sequence of chronology; and the book's essential purpose is set out in Chapter 11, which purports to evaluate Mitterrand's political leadership against a matrix of "resources", "constraints" and "opportunities".

Cole's bibliography shows that he has read a great deal of the published material, and I do not reproach him for producing a book which is essentially constipated in tone, second-hand in its facts and tentative in its judgments. François Mitterrand is still very much alive, and the French political establishment is unusually loquacious in private conversations with the media; an English academic cannot expect to match the vividness or the sureness of touch of the French press.

What I do reproach him for, however, is giving an account that all too often does not quite correspond with the reality I recognise. The facts are there, but the story that emerges seems time and time again to be just that bit off beam. To be blunt, despite his considerable book-learning, I am not sure that Cole fully understands much of the story he is telling.

Take the big turning point in 1983, when Mitterrand abandoned economic reflation and went for austerity. Cole's economic explanation for this switch is obviously out of kilter: he implies that the crucial factor was the cost of the nationalisation programme, whereas in reality it was the massive injection of purchasing power through a sudden increase in wages and in public employment. But the deep lacuna in his explanation is that he does not make the link between the need to keep the franc in the European Monetary System, and the need to keep France close to Germany at a crucial moment in the Euro-missile crisis. That is one of the consequences of chopping up "leadership" into separate little system boxes.

Similarly, Cole seems to think that the disintegration of the Socialist party after 1988 was due to Mitterrand's failure to "exercise leadership over his former lieutenants". This is naive rubbish. The simple truth is that the Socialist party factions, which he had originally created to divide and rule the party, automatically turned into feudal baronies fighting for the succession, once Mitterrand had been re-elected and was therefore a lame duck.

To say that Pierre Mauroy gave up the leadership of the party by "consent" is simply misleading; he was forced out by the turncoat alliance between Laurent Fabius and Michel Rocard. And when he talks about the Socialists' seismic defeat in 1993, Cole underplays in an extraordinary way the significance of the corruption factor, both wholesale in the party and scandalously at the centre of power.

In addition, Cole's prose appears to have been translated from a remote foreign language by someone with a shaky grasp of English. He uses "bestowed" when he means "endowed", "deduct" when he means "deduce", "whole-scale" when he means "wholesale", Robert Schumann when he means Robert Schuman, "primary" when he means "primitive", "pursuing" when he means "promoting", and "reverential" when he means "revered"; and he does not seem to know the meaning of "aphorism" or "endemic".

After Cole's painful efforts, *La Fin d'une Epoque* by Franz-Olivier Giesbert, editor of the Figaro, comes as a delightful relief. This is his fourth book on contemporary French politics, and it is constructed as a series of personalised vignettes covering the first months of the new cohabitation between Mitterrand and the conservatives.

Sceptics may query the literal accuracy of the many conversations in quote marks; but whatever one's misgivings about creative licence, it is hard to deny that he gives insights into the personal power play of French politics that Cole could study with advantage.

Ian Davidson

ECONOMIC VIEWPOINT

UK employment and recovery

By Samuel Brittan

One aspect of the much-discussed new flexibility of the UK labour market is that the jobs figures have become a more useful indicator of general economic trends than they used to be – but still not on the basis of a single month's figures.

Merchants of short-term tidings have made much of the "bad news" of a rise in unemployment in January and now of the "good news" of a fall in February. But those who have the patience to take a slightly longer view will see that unemployment has been on a falling trend for a full year and has recently been declining by an average of 24,000 a month. The vacancy figures provide some independent corroboration of a tightening in the labour market, having risen from 120,000 vacancies in February 1993 to 141,000 last month.

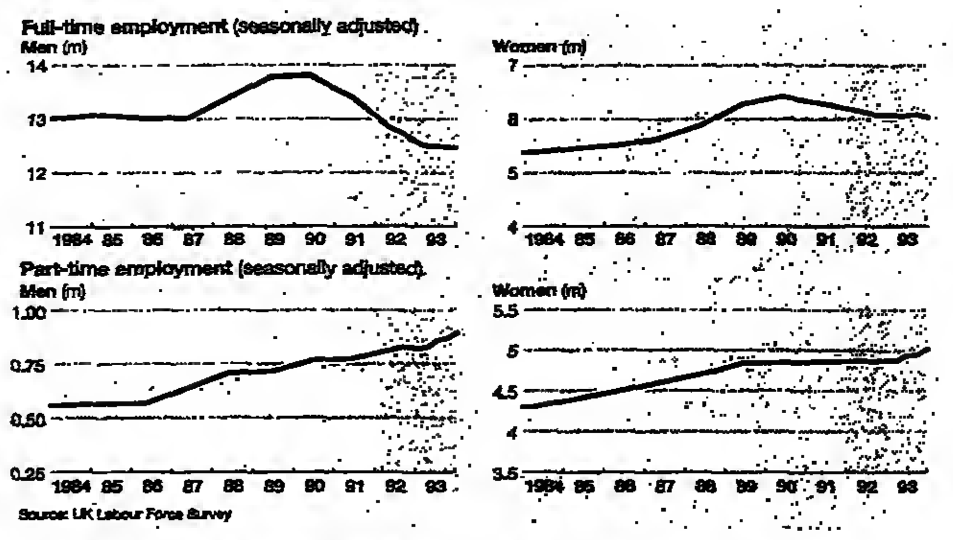
Surprise was expressed last year at the fall in unemployment so early in the recovery because in the past it has lagged well behind the general economy. In the previous upswing of the early 1980s the unemployment trend did not turn until nearly four years into the recovery phase.

This time unemployment has shown a decisive and unexpected early improvement and has done so against the trend in other European countries, where it has relentlessly deteriorated against a background of international concern reflected in the Detroit Ministerial meeting.

Moreover, the present recovery, at least on the published figures, has been only moderate. The most frequently cited headline figures, based on overall Gross Domestic Product, flatter what has occurred. Real UK GDP, *excluding the highly volatile North Sea sector*, is estimated to have risen by only 2.2 per cent in the year to the final quarter of 1993. This is no more than the estimated trend rise in output.

The independent Employment Policy Institute has suggested two special factors behind the unemployment drop. One is that far fewer young people are coming on to the labour market, partly for demographic reasons and partly because more young people are staying on in education. The other is that employers may have over-reacted to the trauma of Black Wednesday 1992, when the UK left the exchange rate mechanism, and proceeded to sack workers whom they afterwards needed.

A recall of workers sacked in a panic is once-for-all and cannot provide the basis of a sustained decline in unemployment. But, as unemployment continues to fall, other possibilities need to be investigated. The most optimistic is that output has been rising faster than estimated. The most pessimistic is that the growth of output per head has now slowed greatly.



Source: UK Labour Force Survey

Productivity estimates for the whole economy for the last quarter of 1993 will not be available until today week. But the latest batch of Department of Employment (DE) statistics did contain up-to-date estimates of manufacturing productivity increases, which suggest that they had fallen back from the very high rate of well over 5 per cent early in the recovery to 2.9 per cent, which is not quite adequate to meet international competitors.

The return to slightly rising unit costs in manufacturing is due more to the productivity deceleration than to the very small bounce back in earnings from autumn lows, attributed by the DE to bonuses and overtime. As the productivity deceleration mainly affects the estimates from October last year, it may still be an aberration.

Can the the British unemployment figures be used to suggest that in the UK at least output is growing above trend and faster than the GDP estimates suggest? Interpretation is tricky. If the unemployment fall is due mainly to fewer people registering for benefit, and effectively leaving the labour force, it is not a sign of recovery. We have, therefore, to look at estimates for *employment*; and these come with a lag and at three monthly intervals.

The DE regular series shows total employment rising by nearly 0.3 per cent in 1993, mainly as a result of the growth in self-employment. The Labour Force Survey (LFS) – which is preferred by critical commentators – shows a similar trend in the year to last autumn.

Labour market estimates are neutral; but capacity surveys show a closing gap

But before concluding that slack is being taken up, we must reckon with another much-discusssed complication, the rise of part-time employment, defined as work for 30 hours or less a week.

The trend to part-time working is long-standing; and it is, of course, absurd to exclude part-timers from the computation. The question is whether the rise in the number of part-timers has more or less than offset the fall in the number of full-timers. In other words, has the total number of hours worked in the British economy increased or shrunk?

The LFS estimates that, in the year to last autumn, the number of full-time workers fell by 177,000 and part-time workers rose by 223,000, including the self-employed. This suggests that the total number of working hours continues to decline very slightly. But in the last three months of the period the fall in full-time employment slowed, and the increase in part-timers accelerated. Confusingly, however, the DE series cast doubt on whether the improvement was sustained in the final months of the year. As the decline in average hours worked per employee has levelled off, the safest conclusion is the total number of hours worked in the economy has been more or less stable in recent months.

Thus if we are looking at the trend of output in relation to capacity, the labour market estimates give a neutral impression, and surveys of manufacturing capacity suggest that the capacity gap has been narrowing sharply. Averaging the two, we get the impression that output is rising at a good bit above the sustainable rate.

This is exactly what ought to *happen* at the present stage of the business cycle, although the government have got there at least as much by luck as by judgment. The only argument for a stimulus is that the economy *might* slow down as tax rises take effect. The size of these rises has been hyped up in the City – which is always sensitive to a lead from the Labour Party. A straw poll in the Goldman Sachs research department showed a belief that household taxes would rise by £10-£12 per week from April, against an estimate of a good deal less than £5 by in-house economists.

The only flicker in the recovery so far is that retail sales volume has increased by "only" 2.7 per cent in the year up to the last three months, compared with 3.3 per cent in the three months to January. In addition, consumer confidence surveys have shifted downwards, but only to where they were in autumn. Otherwise, car sales, house prices and construction orders are all moving firmly upwards; and the 1993-94 Budget deficit looks like being below expectations thanks to a more buoyant recovery.

It would be unfair to see signs of increasing inflation yet. Producer price rises have been less than expected. But it is probably true that, in the language of City analysts, "the best inflation news is already behind us". The fall in wage settlements has grounded, if no worse; and commodity prices, whether measured in sterling or a currency basket, have started to rise. In addition room should surely be left for some rise in exports when the European economy recovers.

Although many economists are still covering themselves by saying that the risks to their forecasts are on the downward side, I would now say they are at least symmetrical. And on interest rates, they are on the upside. Whether or not the chancellor finds the chance to lop off the ¼ pc in the present 5¼ base rate, by the second half of the year the trend must surely be upwards; the question can only be by how much and when.

LETTERS TO THE EDITOR

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Fax 071 873 5938. *Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution*

Malaysia: no contracts for Britain if the consequence is vilification

From the prime minister of Malaysia.

The reports and debates on the Malaysian ban on contracts for British firms expose a sad degree of ignorance or carelessness on the part of the British Press and British personalities.

In the first place everyone seems incapable of distinguishing between a loan and a grant. Persistently, the loan for the Pergau Dam is referred to as a grant. Had it been a grant, the amount which covered more than half the cost of the project would certainly have made it a wonderful buy for the Malaysians, contrary to what the press and some British officials insist it was.

A loan has to be repaid with interest, however small. The benefit for Malaysia would only be marginal. On the other hand, if it was not offered, the project could have gone to non-British companies. Japan offers soft loans on a yearly basis. Other countries also offer grants or loans when bidding for projects.

The Pergau loan serves to help pay a British company which presumably would make a profit. So the aid benefits a British company. Malaysia gets nothing other than a marginally lower price. How driving a hard bargain in order to save the Malaysian government's money is considered corruption is beyond us.

Malaysians are not concerned about British scruples over selling arms. Arms are arms and, whether they are gifts or subsidised or aided or sold at a massive profit, the purpose is the same. If you have scruples don't sell arms at all. In no other business is there so much hypocrisy in the west. When arms are sold, long-term payments or offset programmes or special terms are invariably offered by everyone.

In any case it is clear that the loan is for the Pergau Dam. It has never been proven conclusively that it was for the arms purchase. The attempt to link it with the arms sale is political and intended to embarrass the British government. Malaysia is not concerned and did not react or comment.

Unhappy with the lack of results over the exposé, the British press then shifted its focus to Malaysia. Of course the natives are corrupt. They must be, because they are not British and not white. To allege that the Malaysian prime minister accepted bribes is second nature. He should accept this allegation because, as a British newspaper later commented, all politicians in Asia are corrupt. The question is: why do the British insist on corrupting "corrupt" people. Don't they have any scruples or do they consider giving bribes is not corruption?

The allegations against the Malaysian prime minister have turned out to be baseless. Wimpey denied [them]. Even the editor of The Sunday Times said he was misunderstood.

There was no tender for an aluminium smelter. There was no smelter project. Only a feasibility study aided by the British government, which hoped to get the project for a British company, Wimpey. It was not feasible.

Alleging, wrongly, that the Malaysian prime minister is corrupt may be part of British press freedom. But the Malaysian prime minister need not subscribe to that, even as Andrew Neil himself did not accept reports on his affair with Pamela Bordes.

Press freedom is about telling the truth, not fabricating lies for whatever purpose. The contempt for the hurt inflicted on others seems to be condoned by the British government and people. No scruples about lying, seemingly plenty about selling arms? The standard answer to the Malaysians is that the British press is free. "Lies, damned lies" are free. Redress isn't. This is what western democracy and human rights is all about. If this is not moral decadence, then what is?

Giving contracts to the British seems to expose Malaysia to vilification and libellous attacks. Why let British companies make money out of Malaysia if this is to be the consequence? If we are going to be vilified, at least we should not pay for it. Thus the decision to stop giving contracts to British firms.

And Britain should be happy. No contracts means no soft loans, no grants and no corruption of the natives. Since Britain was, according to British papers, responsible for Malaysia becoming one of the "economic tigere" of South East Asia, Malaysia would soon realise the folly of its ways. Then the free press can gloat when Idi Amin/Hitler/Mahathir comes crawling back with offers of contracts.

But instead we hear more threats and lies. Seems that paper gunboats still abound. What can Malaysia do? The free press is free for the British. It is not free for Malaysians. While British newspapers are freely available in Malaysia, Malaysian papers are not available to the British. And the British papers never publish Malaysian views. This is the practical result of western-style press freedom.

For Malaysia, the die is cast. No contracts in exchange for British press freedom to tell lies.

Dr Mahathir Bin Mohamad,
Kuala Lumpur

Radical change needed, or just tinkering?

From Mr Trevor Harvey.

Sir, The paradox of the debate – or lack of – about building society governance is that among large societies individual members provide some 70 per cent of the loanable funds.

At the same time, at least 99 per cent of their directors have been initially appointed, not by members, but in typical plc style by existing boards.

Boards of societies have been happy to tolerate a gap between constitutional governance theory and practice so long as its results were convenient.

The financial services industry has over-capacity. A mutual, member-based constitution diffuses power and the pressure of accountability. It also prevents an effective market for building societies developing.

Low participation rates among building society members is nothing new. It is even lower among mutual life insurance companies. The real question is whether this is an issue for radical change or mere tinkering? Will the Building Societies Commission please take note?

Trevor Harvey,
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Absence of biographies of modern business leaders

From P V Zealander.

Sir, It is not surprising that your March Review of Business Books does not contain a biography of a successful leader of a modern business.

A visit to any large bookshop will similarly fail to unearth among the lives of politicians, film stars, novelists and sporting idols, any accounts of how the leaders of today's successful companies reached the top and created wealth and worth in getting there.

Why is this? Are the plutocrats and dynasts of industry uniquely modest, or is there no human interest in how their power is manifest?

There is great educational value in disseminating the art of business leadership, both to managers in work and to a general readership who are the customers of their enterprise.

Perhaps the Financial Times could bring together the leaders of the publishing world with those of our most successful retailing, financial and manufacturing companies.

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Banks, deals and dividends

For much of the past decade the off-balance sheet liabilities of the commercial banking system bave posed a serious headache lor central bankers engaged in prudential supervision. Now thet bank capital in the English-speaking economies has largely been restored, there may, paradoxically, be an equal and opposite problem in the form of rapid growth in off-balance sheet assets and an accumulation of excess capital.

This thought is prompted by the spate of takeovers of mutual fund-based financial groups in the US. This week has seen a $2.2hn approach from GE Capital for the Chicago-based Kemper Corporation. It follows last year's $1.7bn takeover of the Dreyfus group by the Mellon Bank. Commercial banks now control mutual fund assets worth not far sbort of $200bo, compared with a mere $30bn five years ago.

While GE Capital is not strictly speaking a bank, its reasoning is the same as that of most other financial institutions buying into mutual funds. The lending business is relatively mature and its profit potential is becoming less exciting. In contrast, managing other people's assets is a growth activity with long term potential. Personal pension and annuity products in particular look attractive as private individuals take on more of the burden of pension provision. The volumes of business stand to increase with rising per capita incomes.

That is not to say that the game of old-fashioned bank intermediation – the collecting of money from depositors and on-lending it to borrowers – is dead. If anything it has been making a come-back over the past few days witb four big money centre banks offering no less than $5bn worth of finance for the competing offers from Martin Marietta and Northrop for fellow defence contractor Crumman.

Turning point

The buoyancy of stock markets last year smoothed the way for all-paper bids, such as tbe $6bn offer by Merck, the leading pharmaceuticals firm, for Medco. But the recent epic battle for Paramount Communications appears to have marked a turning point. As the bid auction developed the markets fought shy of the paper of both Viacom and QVC, forcing them to offer cash as well as stock for Paramount. Since then it has become clear thet banks are falling over each other to finance big corporate deals.

Yet syndicated bank loans for big deals no longer necessarily count as conventional bank intermediation, because they are often refinanced in paper and securities markets, tbereby removing the assets from the banks' balance sheets and putting them onto the books of mutual funds and other institutions.

Shifting risk

The risk here is not that the banks will necessarily run up yet more bad debts. Neither Northrop nor Martin Marietta could be described as overborrowed and the concentration of risk will be dispersed in the event of syndication. The big risks are more likely to be taken at a later point in the cycle when the market is palpably overheating. The more interesting question is whather by shifting risk out of the banking system into the securities markets and onto private individuals, the banks incur fewer bad debts, generate more stable fee income and end up with excessive capital.

Because it is expensive to service, an excess of capital means commercial banks lose competitive advantage in intermediation vis à vis tba markets. Historically, it has also tended to burn a hole in bankers' pockets, leading to injudicious acquisitions and loans. This is, In a sense, a novel dimension to the banks' longstanding problem in shrinking the more mature areas of their businesses. The central banks' reluctance to allow deposit-taking Institutions to operate within an open market in corporate control makes contraction a difficult option, even if some, such as Wells Fargo in the US or Lloyds in the UK, have demonstrated a greater ability to retrench than others.

The overwhelming priority for the banks, if their balance sheets do indeed become burdened with surplus capital, should be to avoid joining the dealmaking stampede, either as financiers or direct participants, when the party is turning into a riot. The under-explored virtuous alternative is to return capital to shareholders in the form of dividends. But can they bring themselves to do it?

There has to be a better way

Last weekend's visit to Beijing by Mr Warren Christopber, US secretary of state, was an unmistakable debacle. Arriving witb stern warnings that China's persecution of its dissidents was jeopardising renewal of its most favoured nation trading status, Mr Christopher was met with a robust refusal by Chinese leaders to discuss any link between buman rights and trade. To ram home the message, the authorities rounded up a number of their usual suspects before and during the US envoy's stay. In spite of it all, Mr Christopber has lamely tried to present a few cosmetic Chinese concessions as evidence of a "narrowing of differences" between Washington and Beijing.

If the visit served no other useful purpose, it confirmed what many observers have suspected ever since President Bill Clinton attached a list of buman rights conditions to a further renewal of China'a MFN status, due by this June: that his administration has landed itself in an embarrassing blnd over trade policy towards China. The risk, unless the issue is bandled with greater care and clarity in the next two months, is that embarrassment could turn into humiliation or, worse, a trade dispute that will harm both sides.

Wrong-headed

Mr Clinton's attempt to use trade sanctions to influence China over human rights fulfilled a campaign promise but was wrong-headed from the start, for both philosophical and practical reasons. First, it was never likely to work: Beijing is *least* likely to give ground when under intense, public pressure. Second, trade is the wrong weapon. Export-led growth has brought the population of its southern coastal provinces increasing prosperity and economic freedom, which may over tima bring greater political freedoms in its wake. Withdrawing MFN would penalise tbe vary same people and give a great fillip to conservative bureaucrats still sceptical about the merits of China's opening to the world.

Third, the Clinton administration has muddied tbe waters with conflicting signals in its dealings with the Chinese government – investing considerable effort, for example, in upgrading political relations at tba same tima as threatening sanctions to foster political change. In pursuing closer political contacts, President Clinton is acknowledging that Washington has a broad range of interests – strategic as well as economic or bumanitarian – to discuss with China. Against that background, the MFN debate seems curiously out of proportion.

Commercial fall-out

Fourth, it now seems clear, the threat is so severe as to lack credibility. Withdrawal of MFN would lead to swingeing tariff increases that would harm other commercial powers of interest to the US – principally Hong Kong – at least as much as China itself. Chinese retaliation against US exports – $9bn last year and growing rapidly – would be inevitable. Beijing cannot have failed to notice the growing clamour in Washington from US businessmen anxious about the potential commercial fall-out.

President Clinton thus risks being damned if he does and damned if he doesn't. If be seeks to renew MFN citing puny buman rights concessions, he may be subject to attack in Congress for caving in. If be chooses not to, he will face a crisis in America's relations with the world's fastest growing economy and in his relations with his own business community.

Averting tba latter outcome, and preventing any recurrence of the MFN dilemma, ought now to be tha highest priority for the White House. Fortunately, a way out of the mess is available. This would involve the US joining with its partners in the General Agreement on Tariffs and Trade to negotiate speedy Chinese entry on the right terms.

Chinese Gatt membership, with proper safeguards to tackle tha specifically economic problems of Integrating a state-dominatad trading power into the world economy, would morally oblige the US to extend MFN status to China without political conditions. Washington could and should still show strong concern over human rights in China by political means such as increased contacts with dissidents and heightened attention to oppressed Tibet. But it would be better able to do so without an economic gun aimed at its own bead as well as China's.

Under a separatist president, Crimea's economic and political tensions are mounting, writes **John Lloyd**

Lid for a bubbling cauldron

The Crimean Peninsula – a region of Ukraine, dominated by Russians – is one of the world'a new danger zones since the recent election of a president who appeared to promise it would again be part of Russia. The CIA sees it as one of the main threats to Russian-Ukrainian relations and Mr Zbigniew Brzezinski, the former US national security adviser, has said in an article that it is "on the verge of an ethnic explosion".

This impression was confirmed this week, when Mr Yuri Meshkov, the president, said he would go ahead with a March 27 "opinion poll" on broadening the region's autonomy – expected to be a prelude to a closer relationship with Russia, if not full unity. President Leonid Kravchuk of Ukraina annulled the "poll" on Tuesday night, saying it was a referendum under another name and thus illegai under the constitution: Mr Meshkov insists it will go ahead.

The reality is alarming, but those who occupy the centre of the Crimean stage mock the warnings of disaster and insinuate that a deal is possible which would bring stability. Its conditions and structure will be important not just for the peninsula, but also for many of the areas in which 25m Russians live outside their motherland – a diaspora constituting one of the greatest challenges to post-Soviet peace.

Mr Meshkov, In his late 40s, uses the stump politician's passion to excoriate the world for misunderstanding him. He is not an extremist but a moderate, an anti-Communist and a reformer, he said in the Supreme Soviet (parliament) building in the capital, Simferopol.

But will be hold the referendum he promised on the status of the republic – a device to achieve a vote for union with Russia? He evades, talks about the need for economic stability, and finally says that "the people are not concerned with a referendum". It seems as close to an admission that his election referendum pledge will be delayed as it is possible to get: his announcement of an "opinion poll" is a modified version, not binding on him or the government.

Others around him are more explicit. Mr Yevgeny Saburov, a former Russian economics minister, has been tempted back to his native Crimea from Moscow on what he says is a sixth of his salary as a presidential adviser to plan the economic future of his region. Mr Saburov, grinning slyly from behind his pipe, says: "The longer the referendum is delayed, the better it will be for the economy . . . The important thing is the standard of living. But any attempts to isolate Crimea from Russia would mean the strongest opposition here . . . if Ukrainianisation continues, then of course people will vote for joining Russia."

This appears to be a full consensus. What is on offer to President Kravchuk is a deal under which Crimea is allowed to go entirely its own way, in return for which it will allow itself to be governed, titularily, by Kiev. If, as expected, the opinion poll yields a large majority for greater autonomy, Mr Meshkov can be expected to claim a mandate for virtual economic independence. To adapt the old Soviet joke, the deal is: they pretend to rule us, we pretend to obey.

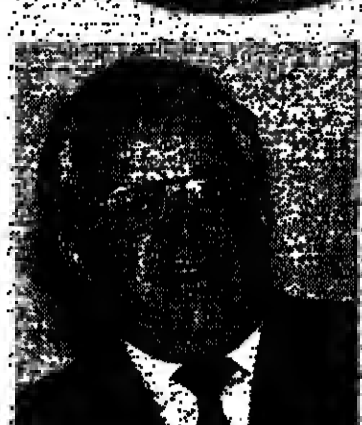
In fact, Ukrainian rule would ba a façade. Mr Saburov's fledgling economic plan is to recognise the dependence of Crimea on Russian markets – especially for its agricultural produce – and to legitimise the use of the Russian rouble and hard currencies, notably the US dollar. He wants to get Russian banks into the peninsula ("they are already quietly buying property",) and remove customs borders with Russia. Mr Meshkov and Mr Saburov would have a Russian republic in all but juridical status.

It is a plan which could avoid the predicted explosion and let a nervous Europe sleep better. So would it work?

Crimea, privileged because the Soviet elite cama here to relax in its resorts, has suffered disproportionately from the break-up of the Soviet Union. The inflating currency, the carbovanet, makes transactions a daily horror; the agricultural exports to Russia incur customs and other restrictions; and the Ukraine government demands thet the shipyards, which have contracts with Sweden and Greece, change 50 per cent of their hard currency income at a low rate of exchange – thus confiscating more than their entire profits.

Mr Saburov's plan is simple enough. Demolish customs barriers with Russia and revive trade; allow the foreign currency earners to keep their earnings (but pay taxes); and levy taxes on the resorts, which pay none. Add to this foreign businesses and banks: "I would love them all to come, though I know they take a long time and I am not counting on it soon."

With a revived economy, Mr Meshkov and Mr Saburov believe, will come a contented population. But what of "ethnic explosions"?


President Leonid Kravchuk of Ukraine


President Yuri Meshkov of Crimea

Of the peninsula's 2.7m people, about 70 per cent are Russian. Of the rest, some 20-25 per cent are Ukrainian and 200,000 are Crimean Tatars. Ukrainian-Russian relations in Crimea are placid: but the small Ukrainian political class is disturbed. Mr Igor Banakh, leader of the Ukrainian Civil Consensus group, blames Mr Kravchuk for letting Crimea out on too long a leash, and now being unable to pull it back. "Wa have to institute the law here, which says that you don't recognise the election of a Crimean president. We see from the example of Yugoslavia that you can't ignore such things."

The Tatars are a different matter. These were the peninsula's natives, their khans displaced from rule in the peninsula (under the Turkish empire) only in the 1780s. During the war, accused of mass betrayal (to the Germans) they were shipped off to Central Asia. Ukraine has sanctioned their return. Gratitude to Ukraine and distrust of the Russians led most Tatars to follow the call of their Mejlis, or separate assembly, to vote for the pro-Ukrainian presidential candidate, Nikolai Bagrov. Now on the losing side, they fear they will suffer.

Mr Mustafa Jemilev, Mejlis chairman and former dissident, says Mr Meshkov wants to disenfranchise the Tatars by ending the system of 14 protected seats in the Supreme Soviet for them. "If he does that, of course, there will no more Tatar representatives in the Soviet."

But politics is not the most serious of the Tatars' problems – poverty is. They are utterly dependent on the state; the returnees are given a small plot of land and some building materials. In one settlement, Molodyezhnoye 5 near Simferopol, 75-year-old Asfore Maileyeva and her daughter-in-law, Zenia, sit in a breeze-block hut the size of a garden shed which houses a family of six. She is a testament to the ability to withstand hardship, but also to her people's desire to return. "I don't regret coming," sbe says. "Nobody can tell you to move on from here."

The Tatars have neither the numbers nor the will to fuel an ethnic crisis: the more explosive issue is that of ownership of the Black Sea Fleet, based in the old and still, in parts, noble port of Sevastopol. This fleet has been a political tug of war since the collapse of the Soviat Union, and remains so. Captain Andrei Grachev, the fleet's spokesman, does not disguise his contempt for the separate fleet being built up by the Ukrainians ("five admirals and four ships") and is happy to say that Admiral Eduard Baltin, the Russian commander of the fleet, has barred the employment of Ukrainian naval officers because they have taken an oath to a foreign state – even though the fleet is supposed to be joint Russian-Ukrainian property.

For his part, Vice-Admiral Volodomir Bezkorovainiy, commander of the diminutive Ukrainian navy, insists that the accord reached between Presidents Kravchuk and Boris Yaltsin of Russia last September, under which Ukraine would return its half of the fleet and lease Sevastopol to Russia, is now null, and that the question of how to divide the fleet still has to be resolved. He bases this view on the failure of experts on both sides to agree on the details of the fleet's transfer to Russia.

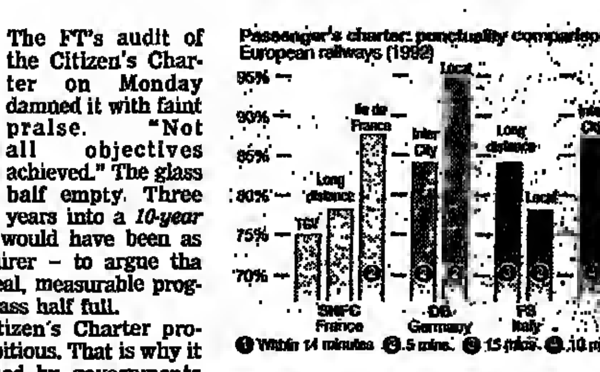
The Russians, who have so far prevented the build-up of a powerful military force in any of the former Soviet republics, are unlikely to give way: the Ukrainians cannot.

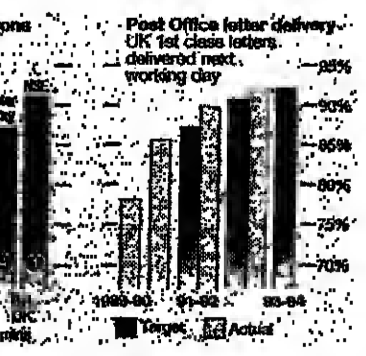
What, then, are the chances for a peaceful resolution of the Crimean dilemma? On his recent trip to the US, Mr Kravchuk said privately that be would never allow the circulation of the rouble in Crimea – but that he knew well how to negotiate with the Russians and be did not expect anything like an explosion. To be sure, this apparently most fissiparous of relationships retains its curious character: logically alarming, but actually placid. The new leaders of the Crimea, perhaps in collusion with Kiev, assume that the logic will remain in limbo.

Citizen's Charter – half-way there

PERSONAL VIEW

The FT's audit of the Citizen's Charter on Monday damned it with faint praise. "Not all objectives achieved." The glass balf empty. Three years into a *10-year programme* it would have been as easy – and fairer – to argue tha other way. "Real, measurable progress made." Glass half full.





Yes, the Citizen's Charter programme is ambitious. That is why it is being studied by governments across the world. The prime minister's aim is to change the face of the public service; to give those who provide it new pride; to give those who pay for it quality performance; to give those who use it the satisfaction that comes from services that offer what they want, when they want and how they want.

Your article made the common mistake of equating the charter with the charter documents themselves. It is far wider than that. The documents are only part of the story, one means to the common end of wider choice, higher standards and new ideas. This wider programma is about competition and choice. It covers privatisation and contracting out – putting private sector skills and ideas at the service of the public – just as much as devising mechanisms to improve performance where the service remains in the public sector.

Before the charter, the FT could not have published an article listing the published objectives and seeking to measure performance in the public sector. There simply was no published information about service standards by which to judge.

Now all that is changing. Publication of league tables for schools gives parents the knowledge to use their power to choose. Railtrack results are in the stations. Waiting lists are visibly down. Hospital performance indicators are on the way. This is truly a revolution.

The main charters explained to users what the public is entitled to expect. But others act as "models" which will guide those writing local charters of service for colleges and council departments and many many others. The local charters will be expected in every case to contain testable performance measures.

On independent audit, the FT article is just plain wrong. There is independent audit of schools by the new Ofsted. For the first time *ever* every school in the country will be regularly inspected and challenged to improve and reports will go to every parent.

In the health service and local authorities we hava given the Audit Commission powers to publish performance tables of results for other local services, not just schools. Increasingly, cbarters *are* being used to measure organisations' performance. The parliamentary ombudsman has said that he finds charter standards a useful guida and in one major case used it to get improved redress for a class of victims of maladministration.

As for independent review of complaints, three years ago it would have been thought extraordinary for organisations such as the Inland Revenue, the Home Office's immigration and nationality department or the prison service to provide this. Now those organisations are setting the trend and other – less well known – public service organisations are appointing independent adjndicators to whom people can take their complaints.

Have Charters raised standards? There is real evidence that they have. The charts – just examples – tell their own story.

Of course, witb a reform programme that affects the wbole of the public service – employing 5m people and with every one of us a customer – there is plenty more to do. That is why the Citizen's Charter second report, published yesterday, contains a full agenda of further improvements. And why we have also published a widely available booklet, "Report Back 94", which sets out commitments and future plans in key services.

We have always said that this is a ten-year programme. But it is clear that in less than three years the charter has begun to change the attitudes and culture of public service organisations. I believe the glass is half full, and filling rapidly.

William Waldegrave

The author is minister of public service and science

OBSERVER

Good Friday for whom?

■ The world's financial markets are in a bit of a tizzy about Easter. Problem is that Good Friday coincides with the first Friday of the month, which is when the US Bureau of Labor Statistics normally puts out its employment figures.

It might be a religious and a bank holiday, but it is not a federal holiday, so the bureau, despite fierce lobbying from tbe financial community and even Congress, reasons that it should publish and be damned. As the numbers are some of the biggest market-movers in the business, the Chicago futures exchanges have decided to break with precedent and open some contracts for a short session.

Not thet it was an easy decision. The Chicago Board of Trade has changed its mind about the proposed holiday three times In a matter of days in a bid to keep pace with the Chicago Mercantile Exchange. To make matters doubly confusing, the CBT is still closing an hour earlier than its arch rival, the Merc. Don't bet they won't think again.

American hot

■ Remember all those good old anti-communist jokes that flooded out of Poland, Czechoslovakia and Hungary? In Budapest they're telling one about a pizzeria, its entrepreneurial owner Zoltan Czvitko and the law. Trouble is, it's a true story.

Red stars and other communist paraphernalia were officially banned last year. Czvitko, 30, has responded by opening a pizzeria called Marxim, with decor best described as commie kitsch – walls festooned with Soviet posters, barbed wire, that type of thing.

The cellar boasts a five-pointed star, unfortunately also on the banned list. The Czvitko defence is thet the star is stylised and irregular; prosecutors will no doubt appear armed with their protractors to measure angles.

Liberal talents

■ His party could never bring itself to sup with Neil Kinnock's socialists, but Des Wilson, the Liberal Democrats' former campaign manager, prides himself on his professional ability to turn tricks in all directions.

Now he's signed a contract to run a public relations campaign for an organisation which thought Kinnock too soft – tha Trades Union Congress. For a fee around £50,000 – modest enough In British PR terms – Wilson will build a zimmer frame to help the TUC clamber forth from the 19th century.

Burson-Marsteller will be pleased: not for the cash but more for the free PR *it* gets from handling a well-known, if somewhat humbled, client. Meanwhile, Wilson is certainly having more success as a buccaneering spin-doctor than one glued to a party line.

'We'd like a Eurosceptic girl'

Waterproof

■ Britain's John Major and his Malaysian counterpart, Mahathir Mohammed, may not get on but they share one feeling – that they are being hounded unfairly by the British press.

Indeed, John Major used the 50th anniversary of Canning House in London the other day to trot out a hardy favourite of persecuted politicians: what would the headlines say, asked the PM, if he rowed into the middle of the Serpentine, found bimself marooned and walked back over the water to dry land?

Answer: "John Major Can't Swim".

Big blue new view

■ IBM boss Lou Gerstner shook a few trees last July by saying "the last thing IBM needs right now is a vision". Now be is moaning in IBM's annual report that many extracts from his statement omitted the words "right now". Can be be suggesting that while IBM didn't need a vision then, it does now?

"The fact is, no company is going to succeed without a clear set of tough-minded strategies," says Gerstner. "Some call it mission. Some call it vision. I call it strategy." In his new "IBM Principles", contained in the annual report, Gerstner says IBM will "never lose sight of our strategic vision".

Some call it inspiration. We call it an about-face, Lou.

Euro-togs

■ The trains might not yet be running on time but at least the uniforms will soon be ready. European Passenger Services, which will run Eurostar trains through the Channel Tunnel, has signed up Pierre Balmain to create its new uniforms.

The airline-style togs are in the Eurostar colours of blue and yellow and will be worn by everybody from drivers to receptionists. Pierre Balmain is one of the grand old names of French couture but has been living on its past glories in recent years, according to Observer's fashion expert.

Will it be any more successful than royal couturier Hardy Amies's mission to smarten up British Rail's porters in the 1980s? Designing the uniforms is the easy bit. Getting the lower ranks to adhere to the correct dress code may be a mite more difficult.

Ski heaven

■ Turning the other cheek has gone out of fashion, even on the piste. MasterSun – which describes itself as a Christian ski organisation – has complained to the Advertising Standards Authority that a competing Christian ski company, Westfleet Services, bas allegedly been economical with number 9 of the 10 commandments.

The ASA has criticised Westfleet for advertising "all-in" ski holiday prices which actually turned out to exclude ski hire, boot hire and insurance. MasterSun also took exception to Westfleet's alogan: "The only Christian ski organisation providing you with a snow guarantee." MasterSun says it provides a guarantee, too. God is omnipotent, after all.

FINANCIAL TIMES
Thursday March 17 1994

Divisions over enlargement could undermine Kohl re-election campaign

French-German EU strains show

By Quentin Peel in Bonn

Close diplomatic and political ties between Paris and Bonn, traditionally regarded as the principal driving force of European integration, have come under strain because of French concerns at the whole process of enlargement of the European Union, according to senior government officials.

Criticism of Germany's allegedly heavy-handed tactics in forcing the pace of the enlargement negotiations in Brussels emerged in Bonn yesterday, causing anger and alarm in the office of Chancellor Helmut Kohl.

The French are worried that the new northern EU members will bring a strong free trade lobby, and that Union institutions will be made weaker and more cumbersome by rapid enlargement to eastern Europe.

Criticism of German foreign policy in the Frankfurter Allgemeine Zeitung, quoting French sources in the German capital, has clearly embarrassed the German chancellor, who has just launched his re-election campaign.

Mr Kohl is basing his appeal to German voters, both in the forthcoming European elections and in the general election in October, on his record as a staunch proponent of European integration, and the guarantor of good relations with major powers like France, Britain, the US and Russia. Any suggestion that his closest ally, France, is dissatisfied with the relationship is seen by senior German officials as extremely unhelpful.

The article is the latest in a series of diplomatic upsets, and follows uncertainty about whether the German leader should be invited to the 50th anniversary celebrations of the D-Day landings in Normandy.

According to well-placed officials, the article was based on an interview with Mr François Scheer, the French ambassador in Bonn, by Mr Claus Gennrich, the German newspaper's diplomatic correspondent.

In it, he suggests that the Normandy and Berlin incidents were only minor upsets, but should be seen against the background of a general mistrust of German foreign policy in Paris.

"A more fundamental dialogue is needed to create greater clarity between Bonn and Paris over the definition of foreign policy in a united Germany, but it is not taking place," the newspaper said, citing the French sources.

The Frankfurter Allgemeine said the French were calling for German clarity on its attitude towards eastern Europe. They were seeking a "clear restatement" of Germany's commitment to western Europe, particularly if Bonn wished to reinforce its relations with Russia.

British stonewalling puts enlargement at risk, Page 2

Bundesbank demands curb on local councils' spending

By Christopher Parkes in Frankfurt

The Bundesbank has launched an attack on a root cause of inflation with a demand that west German local authorities act to stem rising deficits and local service charges by reducing their workforces, privatising more services and preparing for several years of belt-tightening.

The central bank also warned the federal government to avoid loading extra burdens on to city and local administrations by forcing them to provide increasingly sophisticated services.

The calls came in the bank's latest monthly report, published yesterday, which highlighted the extravagant spending policies that have turned the local authorities' 1989 surplus of DM2bn into an estimated deficit of DM10.5bn last year.

Growth in spending exceeded growth in revenues by an average 2 percentage points annually in the three years to the end of 1992, and total local authority debt rose 14 per cent to DM127bn ($72bn). Underscoring the plight of urban authorities, the report showed Frankfurt, Germany's financial capital, with debts approaching three times its annual tax revenues.

The Bundesbank, which has in the past identified rising public service charges among the most persistent sources of inflation, noted that spending had slowed markedly last year.

Total revenues rose 5 per cent in the first nine months of 1993, compared with an average of 7 per cent in the previous three years, while outgoings increased 5.5 per cent, the report said.

Personnel costs, which account for 25 per cent of local authority expenditure, rose around 3 per cent last year after soaring 26 per cent in the previous three years. But social welfare costs had gone up a further 14 per cent after rising 32 per cent in the three years to the end of 1992.

The report noted that income from taxes last year hardly increased, attributing the stagnation to corporation tax reforms and, indirectly, to sharply rising unemployment and falling real incomes.

These factors are expected to continue depressing revenues for some time, while authorities will have to find extra funds to pay for statutory kindergarten places, new sewage treatment works demanded by European legislation, and, starting next year, increased contributions to help eastern Germany.

The report, which closed for publication before last week's effective real pay freeze for public sector workers, made no mention of the deal's likely benefits.

However, it noted pressure on budgets would be eased by new funding methods for care of the elderly and infirm, and federal measures to stem the flow of refugees and asylum seekers whose housing and welfare has in the past largely been the responsibility of local authorities.

Deal close on $2bn fund for global environment

By Frances Williams in Geneva

Three days of negotiations in Geneva on setting up a $2bn Global Environment Facility to fund projects in developing countries were nearing a successful conclusion last night.

The GEF's grant aid will enable Third World and former communist countries to help combat global environmental problems such as climate change, loss of biodiversity, pollution of international waters and ozone depletion.

Mr Mohamed El-Ashry, chairman of the fund, which has operated on a pilot basis since 1991 and has 87 participants, said disagreements over procedure had been resolved following "solid indications" from donor nations that the full $2bn would be forthcoming.

By far the biggest contributors will be the US, Japan and Germany. The US was expected to pledge about $430m, Japan about $410m and Germany about $395m for the three-year replenishment, to run from the middle of this year.

This week's deal increases the likelihood that the fund, jointly managed by the World Bank, United Nations Environment Programme and UN Development Programme, will be the chosen permanent financial mechanism to fund projects under the international conventions on climate change and biodiversity.

Voting, in the absence of consensus, will require a 60 per cent majority of countries, and approval by donor countries representing at least 60 per cent of contributions. This gives both donors and recipients a veto.

The governing council will be chaired jointly by the GEF's chief executive and an elected chairman. Sixteen of its 32 seats will go to developing countries, 14 to industrialised nations and two to former communist countries.

N Korea nuclear deal near collapse

Continued from Page 1

team just back in Vienna after a two-week visit to North Korea had been unable to take some samples and measurements, and that there were "problems" with seals placed on IAEA monitoring equipment.

Mr Hans Blix, IAEA director-general, yesterday briefed representatives of 50 member states, although details of the briefings were not made public.

The US had promised to cancel this year's Team Spirit military exercise in South Korea and hold a new round of high-level talks with North Korea if Pyongyang allowed unrestricted IAEA inspections and exchanged envoys with Seoul. If the deal collapses this year's Team Spirit will proceed.

A senior South Korean foreign ministry official said North Korea's refusal to carry out the terms of its agreement with the US might be part of a strategy to gain "leverage" to win new concessions from Washington.

On Tuesday, North Korea complained the US "had raised unreasonable preconditions" for suspension of Team Spirit, adding it would stop negotiations with Washington unless the demands were dropped.

By raising new objections, Pyongyang may be seeking the repetition of a deal reached in January 1992 under which Washington suspended that year's Team Spirit in return for North Korea accepting regular IAEA inspections, according to analysts in Seoul. Progress in nuclear talks between North and South Korea was not included as a condition in that earlier agreement.

North Korea was also balking at an exchange of envoys, who would discuss the implementation of a 1991 bilateral non-nuclear pact, in an attempt to create differences between Seoul and Washington over the nuclear issue, South Korean diplomats said.

Pyongyang also wanted to minimise the status of South Korea, which it has accused of being a client state of the US, they added.

North Korea threatened to withdraw from the nuclear non-proliferation treaty a year ago in response to the IAEA's demand to examine two undeclared sites, suspected to be nuclear waste dumps. The IAEA believes inspection of the waste could determine if the North has processed more plutonium than it has declared.

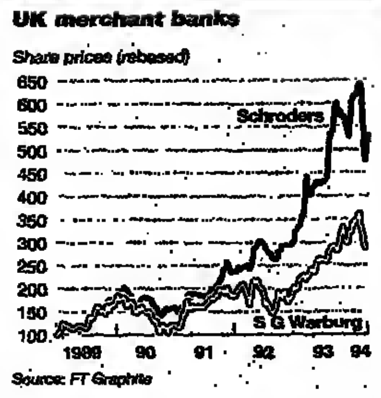
North Korea has repeatedly said it will not allow inspection of these two sites, which were not included in the recent IAEA visit.

THE LEX COLUMN

Gilts pay the price

FT-SE Index: 3242.9 (-24.5)

UK merchant banks



Source: FT Graphite

It is a measure of the heightened sensitivity of bond markets that yesterday's mixed bag of UK economic statistics sent gilts into a spin. An unexpected rise in average earnings was the culprit. But since there is no sign of upward drift in pay settlements it would be premature to diagnose the return of the British disease. Year-end bonuses and overtime may be the less threatening explanation, in which case yesterday's rise in gilt yields was overdone.

There was certainly nothing in the labour market data to suggest that workers have employers over a barrel. Employment in manufacturing, where average earnings growth was strongest, actually fell in the final quarter of last year. Productivity improvements continue to flow through in an encouraging manner. While the fall in headline unemployment must be a relief to the government after January's disappointment, there are still lingering doubts about how many full time jobs are being created.

Together with weak retail sales in February, that doubt might incline the chancellor more strongly towards another cut in interest rates before tax increases take effect next month. Good news on retail prices next week could provide the peg. The danger must be that another rate cut will fray nerves about inflation in the gilts market and bring forward the moment when rates will have to rise. Since the yield on 10-year gilts is already 115 basis points above German bunds, UK bonds already look good value. Unless investors come round to this point of view, funding next year's borrowing requirement could prove tricky.

Schroders

Now that Schroders has taken the plunge on disclosure it turns out that the company does indeed have much to boast about. Not only did profits rise 85 per cent last year; the quality is good too. Schroders is much less reliant than some of its competitors on dealing income. Fee income accounts for almost two thirds of operating income. Schroders has been continuing to win new fund management business since the start of the year. That should help offset any fall in its income caused by weakness in financial markets. There must be more venture capital gains in the pipeline, although the timing is uncertain.

Even without any increase in profits, Schroders would be on a forward multiple of less than 11 times. If that makes the shares seem good value, one is left agape at the 6.6 times dividend cover. There is clearly minimal constraint on dividend progression.

But such high earnings retentions when the company already has surplus capital are where the strategic questions begin. A 23 per cent return on capital might seem low at this stage in the cycle, though Schroders is barely geared and its profits are less volatile than those of other merchant banks. Arguably Schroders missed an opportunity to enhance its return by buying back its own shares when the price was cheaper. It cannot accumulate capital for ever. The worry is that it may do something just to ease the discomfort. However, it has a record of getting the strategic decisions right.

Coats Viyella

Coats Viyella's longer term attractions emerge undimmed from the deluge of data accompanying its annual results. The company has restructured its businesses during recession and positioned itself well to exploit fast-growing emerging markets. Recent acquisitions have performed encouragingly. With gearing cut to 31 per cent, the balance sheet remains strong enough to permit more.

But Coats' suggestion that the economic outlook was only faintly encouraging was enough to knock 7 per cent off its shares. Coats believes UK tax rises will dent confidence more than most assume. Rising cotton prices could also prove difficult to pass on to retailers, implying some margin squeeze. That suggests the 3.6 per cent fall in underlying operating profits may not easily be reversed – especially as currency effects will be less favourable this year.

The market may also be tiring of Coats' habit of paying paper dividends. Coats certainly has a better case to make than most with almost £100m of unrelieved Advance Corporation Tax. This time, Coats will retain £35m of cash, which it has earmarked for worthy investments. But two previous enhanced scrip dividends and the conversion of preference shares have expanded Coats' equity base by 16 per cent since 1992. The latest scrip payment may add a further 2 per cent. It may be easy to lift the dividend 10 per cent when Coats does not have to pay. But it will become painful when Coats starts paying hard cash on so many more shares.

Porsche

With its heavy dependence on US sales, Porsche led the pack into the great German car industry pile up. The fall in US sales – down by almost 75 per cent from the 1986 peak – meant that Porsche had to adjust much faster than those German carmakers which boomed as Trabants were swapped for Golfs after German unification. The early attack on costs has left Porsche better placed than some larger German car companies. Porsche was also fortunate that some of the 944 model manufacturing was subcontracted to Audi. When demand slumped Porsche lost the incremental profit on sales volumes, but was not stuck with the associated overheads.

Since costs have now been cut to at least break-even, and the new 911 model is selling well, the company has bought itself a breathing space. The rights issue will help develop the two new models – a new 911 and a cheaper 2-seater 986 convertible – which must take up the running from 1996-97. The issue now is whether in the longer term the Porsche and Piëch family control can be maintained.

Continued investment in engine and gearbox technology means Porsche does not face the severe development cost crunch which is forcing other specialist manufacturers into defensive mergers. Joint purchasing of parts with other German carmakers also eases Porsche's cost problems. The new models may be priced at only a modest premium to Japanese competition. In that case the strong brand and evolutionary design development may serve Porsche well against those manufacturers which reinvent the wheel every time they launch a new model.

FT WEATHER GUIDE

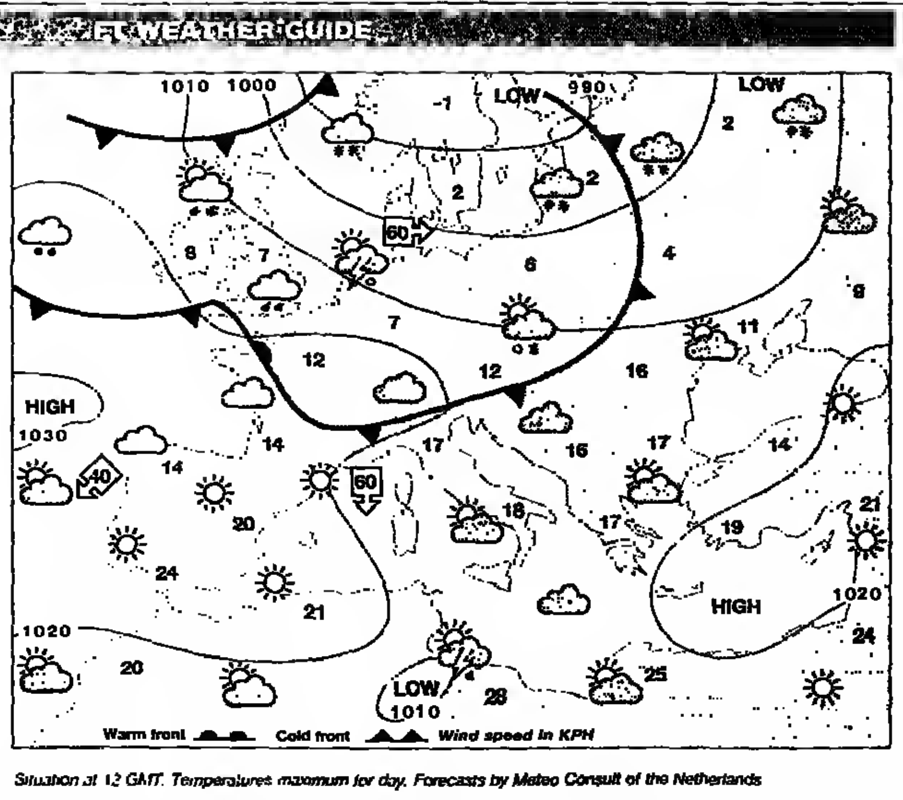
Europe today

Cold air from the arctic will gradually flow into the northern half of Europe. Norway and Finland will have overcast skies and snow showers. Sweden will be generally drier with sunny spells. There will be sunshine and wintry showers in the northern part of the UK, in Denmark, the Benelux, Germany, Poland, and the Baltic states.

There will be rain in the southern part of the UK which will drift into the southern parts of the Benelux and northern France. South of the Alp Massif, conditions will be sunny and dry, apart from persistent cloud along the Iberian north coast. There will be intermittent sunshine in southern Italy and in former Yugoslavia.

Five-day forecast

Cold air from the north will flow south, reaching central, eastern and south-eastern Europe during the weekend. Wintry showers will fall as far south as the Alps and the Balkan states. South-western Europe will remain dry and sunny, with spring-like temperatures. High pressure near the Azores will move towards western Europe, gradually bringing more settled conditions.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum	Celsius
Abu Dhabi	fair	27
Accra	thund	32
Algiers	cloudy	19
Amsterdam	hail	9
Athens	fair	19
B. Aires	shower	26
B.ham	rain	10
Bangkok	fair	35
Barcelona	sun	17
Beijing	fair	15
Belfast	hail	6
Belgrade	cloudy	15
Berlin	shower	8
Bermuda	shower	20
Bogota	shower	19
Bombay	sun	34
Brussels	shower	10
Budapest	fair	13
C.hagen	windy	7
Cairo	sun	24
Cape Town	fair	26
Caracas	shower	25
Cardiff	rain	10
Chicago	cloudy	5
Cologne	thund	10
D' Salaam	fair	31
Dakar	sun	23
Dallas	fair	27
Delhi	fair	33
Dubai	fair	27
Dublin	rain	8
Dubrovnik	cloudy	16
Edinburgh	hail	7
Faro	sun	21
Frankfurt	shower	10
Geneva	fair	11
Gibraltar	sun	19
Glasgow	snow	7
Hamburg	hail	7
Helsinki	snow	2
Hong Kong	drzzl	16
Honolulu	shower	26
Istanbul	fair	14
Jersey	rain	10
Karachi	fair	35
Kuwait	sun	23
L. Angeles	shower	21
Las Palmas	fair	22
Lima	fair	27
Lisbon	sun	22
London	fair	11
Lux.bourg	shower	9
Lyon	cloudy	13
Madeira	fair	19
Madrid	sun	19
Majorca	fair	19
Malta	fair	19
Manchester	sleet	9
Manila	fair	33
Melbourne	fair	17
Mexico City	fair	23
Miami	sun	24
Milan	sun	19
Montreal	snow	-3
Moscow	snow	4
Munich	shower	9
Nairobi	shower	29
Naples	fair	16
Nassau	fair	27
New York	fair	4
Nice	sun	17
Nicosia	sun	19
Oslo	fair	3
Paris	shower	13
Perth	sun	35
Prague	shower	8
Rangoon	fair	35
Reykjavik	fair	-3
Rio	shower	27
Riyadh	sun	24
Rome	fair	17
S. Frsco	fair	17
Seoul	fair	11
Singapore	rain	30
Stockholm	fair	2
Strasbourg	shower	13
Sydney	fair	22
Tangier	sun	20
Tel Aviv	fair	23
Tokyo	shower	12
Toronto	fair	0
Tunis	rain	19
Vancouver	rain	11
Venice	hazy	15
Vienna	cloudy	13
Warsaw	hail	7
Washington	fair	8
Wellington	cloudy	15
Winnipeg	snow	3
Zurich	fair	11

FINANCIAL TIMES
COMPANIES & MARKETS
©THE FINANCIAL TIMES LIMITED 1994 Thursday March 17 1994

IN BRIEF

Rhône-Poulenc will not lift bid

Rhône-Poulenc, the French chemicals and pharmaceuticals group, has ruled out an increase in its FFr2.8bn ($486m) bid for Co-operation Pharmaceutique Française, one of France's biggest distributors of drugs and healthcare products to retail chemists. Page 16

Swedish banks turn on the government
This time last year, most of Sweden's banks were queueing up for government aid to rescue them from a loan-loss ducking that nearly sank them. Now the state is under fire from the same banks for weighting its support too heavily towards just one institution, Nordbanken. Page 20

Paper tiger
The C$320m (US$238m) newsprint mill at Gold River, British Columbia has stood idle since Christmas as its leading shareholder, Canadian Pacific Forest Products, haggles with international banks over its future. Page 18

Porsche rights issue gets into gear
The planned capital increase for Porsche, aimed at raising DM200m ($114m) to help fund new sports car developments, is to take the form of a one-for-four rights issue at DM575 a share. Page 20

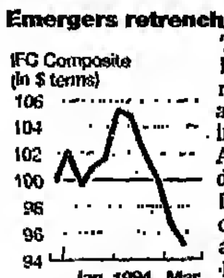
Marley slips into £1m loss
Marley, the UK buildings material group, enjoyed a 55 per cent rise in trading profits to £41.5m ($62m) but the write-back of goodwill and a disposal left it with a pre-tax loss of £1.1m. Page 22

ICL falls 40%
Restructuring charges, interest payments and weak markets pushed pre-tax profits 40 per cent down at ICL, the UK-based computer company owned by Fujitsu of Japan. Page 24

Debt to a lady

Companies scrambling to take part in Australia's biggest diamond exploration boom for many years owe a great debt to Ms Maureen Muggeridge. This British born geologist found Australia's first diamond in 1972. Page 26

Emergers retrench



Source: Datastream

The world's emerging markets continued a general retrenchment last week, although there were some individual exceptions. All the regional indices declined in dollar terms: Latin America by 1.4 per cent, Asia by 2.2 per cent and Europe/Mideast by 1.3 per cent. Investors have been looking at G7 economic recovery. Back Page

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Dresdner Bk	415.5	+	8.8
Goldschmidt	825	+	10
Wella Prf	825	+	15
Falls			
Altana Ind	627	-	14
Springer Axel	679	-	12
Varta	369	-	6
NEW YORK ($)			
Rises			
Aldus Corp	32¼	+	6⅛
Amoco Corp	54¼	+	1⅛
US Surgical	18¼	+	2⅛
Falls			
Adobe Sys	29⅞	-	3⅛
Penwest Ltd	20⅛	-	2¾
Vodafone Grp	34⅛	-	1⅛
PARIS (FFr)			
Rises			
Docks France	750	+	20
SILIC	900	+	25
Falls			
Accor	710	-	18
Gaumont(SocN)	960	-	40
Immobanque	940	-	40
Paribas	486	-	12.5
TOKYO (Yen)			
Rises			
Asahi Optical	540	+	31
Brother Ind	589	+	24
Gun-Ei Chem	592	+	43
Hiroshima Bk	640	+	42
Toyobo	466	+	18
Falls			
Banyu Pharm	930	-	20

New York prices at 12.30pm.

LONDON (Pence)			
Rises			
Church & Co	440	+	12
Hambros	378	+	14
Kleinwort Bensn	548	+	16
Medeva	161	+	8
Rea Bros	68	+	4
Schroders NV	1115	+	60
Spandex	585	+	35
Falls			
Brit Mohair	206	-	7
Coats Viyella	260	-	20
Delta	509	-	13
Everest Foods	60	-	8
Greenby	176	-	5
Kleeneze	215	-	11
Marley	195	-	10
Mayborn	183	-	20
Ransomes	15	-	4
Sleepy Kids	105	-	12
Vodafone	567	-	14
Williams Hldgs	394	-	13
Wolseley	947	-	28

Tapie to sell assets to repay FFr1bn

By David Buchan in Paris

Crédit Lyonnais has reached agreement with Mr Bernard Tapie for the businessman-turned-politician to start selling much of his corporate and personal assets to repay the FFr1bn ($160m) he owes to the French bank.

The agreement, confirmed yesterday by both sides, is another move in the financial restructuring of the troubled state bank, which is expected to be finalised next week when Crédit Lyonnais announces its results.

The chief plank of the bank's restructuring is expected to be the funnelling of some FFr20bn worth of non-performing property loans into a separate company which will be bolstered by an injection of some FFr3bn-FFr4bn from the French government.

"It means we have turned off the tap [of credit] for Mr Tapie, and turned over a new page for the bank," said Crédit Lyonnais yesterday.

The Bernard Tapie Group, wholly owned by Mr Tapie, said it would be recapitalising certain of its corporate assets – believed to include two makers of industrial weighing machines, Terraillon and Testut, and also La Vie Claire, a chain of health food shops – in order to sell them.

In borrowing from Crédit Lyonnais over the past 20 years, chiefly through its small subsidiary, Société de Banque Occidentale (SDBO), Mr Tapie had mortgaged personal assets, including the Paris mansion that he bought from the founder of the Givenchy luxury goods business. Crédit Lyonnais is calling in this mortgage.

Crédit Lyonnais would not comment on whether there was any deadline on Mr Tapie's debt repayment, but said he would at least get "several months" for the economy and property market to improve so as to realise the best price for his assets. If Mr Tapie were pushed into forced sales, the bank might not get all its money back and would be obliged to make loss provisions in its accounts, Crédit Lyonnais pointed out.

Yesterday's statement by the Tapie Group put its president's assets sales in the context of his "desire to put his political career first".

Mr Jean Peyrelevade, chairman of Crédit Lyonnais, has been sorting through the bank's problem credits since he moved from UAP, the French insurance group, last autumn.

The bank is still burdened by a troublesome relationship with MGM, the Hollywood film studio, and by a court case in Switzerland involving the bankrupt company of Sasea.

Thomson up 67% despite costs of newspaper revamp

By Bernard Simon in Toronto

Record publishing and information profits helped Thomson Corporation to a two thirds increase in net profits, despite the poor performance of its North American newspapers last year.

Net profits of the Canadian-controlled company rose to US$277m, or 48 cents a share, from $166m, or 30 cents a share, in 1992. Revenues fell slightly to $5.85bn from $5.98bn.

The results included a fourth-quarter $75m after-tax charge for restructuring Thomson's North American newspapers, especially the five biggest dailies with circulations of more than 75,000 each. The performance of these, the biggest of which is Canada's Globe and Mail, has lagged the group's smaller titles.

In 1992, Thomson's newspaper interests took a $170m charge, mainly reflecting the reduced value of its UK community papers, most of which have been sold or closed.

The information and publishing group's operating profits soared to $358m from $249m. The recovery of UK regional newspapers gathered pace, although circulations of daily titles remained under pressure.

In the US, a strong performance by scientific and medical data services helped overcome a "severe" decline in pharmaceutical advertising and automotive collision repair data.

Thomson Travel's operating profits rose to a record $115m from $104m. The advance would have been $20m higher without the adverse effects of currency translation. The company said the start of the summer 1994 booking season had been "exceptionally strong", with bookings up 47 per cent.

A Thomson official expressed the hope that overall buoyancy in the UK travel market would prevent any large-scale tour discounting this year. The Lunn Poly travel agency chain increased its market share of summer tours last year. But the cost of opening 127 new shops reduced profits.

Thomson, which is moving its executive offices from New York to Connecticut, also announced a split in its fast-growing specialised information and publishing division.

The division will be separated into financial and professional publishing with annual revenues of $1bn, and a business, education and information group, which will include UK regional newspapers.

UAL fails to meet buy-out deadline

By Patrick Harverson in New York

The future of the $5bn employee-led buy-out of UAL was in placed in doubt yesterday after the US airline announced it had been unable to reach a definitive agreement.

When UAL and the pilots and machinists unions agreed to the buy-out last December, a deadline of March 15 was set for completion of the documentation. Pilots and ground crew unions had agreed to wage, benefit and work-rule concessions in return for a 53 per cent stake in the company.

Yesterday, UAL revealed that the deadline had not been met, and said that there could be no assurance that the transaction would be completed.

In the documents, which must be sent to the Securities and Exchange Commission, UAL has to provide details of the transaction and a plan for how it intends to run the airline after the buy-out.

Neither UAL nor the unions would comment on the delay, but the news unsettled investors on Wall Street, where – after trading was briefly halted pending the announcement – UAL shares initially fell $2 to $127. The stock later recovered and at midday was down $1 at $128.

Although the failure of management and unions to complete the documentation could scuttle the billion-dollar buy-out, analysts doubt that the delay will kill the plan.

Mr Michael Derchin, airlines analyst at NatWest Securities in New York, speculated that the delay was caused by UAL's failure to put together a new management team in time for the documentation deadline.

He said: "You can't go out with proxy material on this kind of a transaction without stating who's going to run the company." However, Mr Derchin believed that a new management team would soon be appointed.

Even if employers and unions complete the documentation, the buy-out faces further hurdles. UAL still has to receive approval from its shareholders, which analysts say is not a foregone conclusion.

Northwest offering, Page 18

Andrew Adonis finds that smaller European countries are showing the biggest appetite for private investment in telecoms

Company cash filters through political bars

An odd pattern is emerging in Europe's telecommunications industry. While the larger continental EU states dither, the smaller states are rushing to restructure and sell off their public telecommunications operators.

The Greek socialist government announced this month its intention to sell a 25 per cent stake in its public telecommunications operator or PTO. On the same day the Irish PTO publicised an offer from Cable & Wireless, the UK telecoms group, for a strategic partnership – short of privatisation, but a first step on the way.

Denmark and the Netherlands are well advanced on the privatisation trail, with legislation enacted and flotations imminent. The Portuguese government is restructuring and valuing its telecoms operators as a prelude to privatisation. The Belgium PTO and telecoms ministry are deep in talks about a sell-off, with British Telecommunications, the privatised UK operator, touted as a possible partner.

The pattern is odd because privatisation usually goes hand-in-hand with liberalisation, yet ostensibly smaller EU states are under less pressure than larger ones to liberalise telecoms.

While the rest of the EU (besides Spain) must allow competition in basic voice services by 1998, Greece, Ireland and Portugal need not do it until 2003. Furthermore, most of the smaller states have left-wing or centre-left coalitions whose trade union allies are fiercely opposed to privatisation of their PTOs.

Greece is the starkest case: its socialists, under Mr Andreas Papandreou, won an election last year promising to scrap the previous right-wing government's privatisation plans. But they have revived them, only reducing the proportion of OTE, the Greek PTO, to be sold from 49 per cent to 25 per cent.

By contrast, the right-wing French government has put the privatisation of France Telecom on the back-burner. Legislation to privatise Deutsche Telekom is advancing at a snail's pace and Italy is far from proceeding with a sale of its various state-owned telecoms operators.

In reality, fiscal and business pressures are dictating policy, irrespective of party programmes and Brussels derogations.

Three acute pressures are evident among the PTOs in the smaller states: network modernisation, shortage of cash, and the impact of internationalisation.

Not that all the smaller EU states have backward telecoms networks. Ireland and Portugal have fewer lines per head than the average, but Denmark is at the top of the EU league and the Netherlands third behind France.

However, for most of the smaller states the challenge is to ensure adequate funding and know-how to keep up with the pack. Belgium, for instance, has an adequate network, but not good enough to match its ambition of becoming Europe's telecoms hub. One area of weakness is mobile communications: a year ago Belgacom, the state operator, brought in Pacific Telesis, the US regional Bell operator, to help build a cellular mobile network to the pan-European GSM standard. Now Belgacom is in the process of establishing a mobile subsidiary in which Pactel is likely to take a 25 per cent stake. "In effect this is a dry run for privatisation of Belgacom as a whole," says a consultant close to the company.

If know-how were the only requirement, modernisation need not require privatisation. Although now committed to a flotation, the Greek government appears to have dropped its predecessor's plan to offer a 35 per cent stake of OTE to an overseas strategic investor – France Telecom, Stet of Italy, Telefonica of Spain and Korea Telecom were on the shortlist – because it thinks it can recruit technical expertise separately.

But modernisation needs investment too. With state deficits piling up, PTOs are looking to privatisation to fund investment. Telecom Eireann, for instance, has a respectable network, but with debts approaching I£1bn ($1.4bn) the attractions of a deal with Cable & Wireless, reported to be worth up to I£500m, are obvious.

However, governments want privatisation proceeds to alleviate budget deficits. In Greece a row has erupted between the government and OTE over the division of the estimated $1bn proceeds. Ministers want 60 per cent to go into state coffers; OTE wants 60 per cent for network investment.

Internationalisation is equally pressing. Smaller PTOs fear multinationals will steal lucrative business customers. They believe they cannot afford to wait to form alliances. For many, last year's $5.3bn alliance between BT and MCI, the second-largest US carrier, was the moment of truth, coming immediately after the launch by AT&T, the US giant, of a "world partners" venture also geared to multinationals.

PTOs need not be privatised to form alliances, but that way they are more attractive to potential allies, most of whom are private concerns. Ironically, the link-up between France Telecom and Deutsche Telekom, announced last autumn to counter BT, suffers from the fact that both companies are still state monopolies, restricting their scope for cross-ownership and joint activities.

As Mr David Wheeler, director of the telecoms group at Lehman Brothers, the merchant bank, puts it: "In the smaller states, it is much easier to persuade PTOs and their ministers that they cannot survive globalisation without the flexibility that privatisation gives to forge alliances and stay in the international telecoms game."

It is not a foregone conclusion that all alliances will be permitted. Mr Philip Lowe, head of the EU's merger task force, said this week that the commission intended to police telecoms joint ventures closely to ensure competition did not suffer.

However, competition is driving the alliances. The EU obligation on PTOs to make leased-lines available upon request is already giving large customers and companies dedicated to line resale the opportunity to sidestep PTOs and their high international tariffs.

The competitive threat is particularly strong in Ireland, where Telecom Eireann faces a haemorrhage of its international traffic to re-sellers. Ironically, the largest of them is Cable & Wireless. If you can't beat 'em ...

Heron says it may default on its debts

By Maggie Urry in London

The threat of receivership is again hanging over Heron International, the property and trading group which completed a £1.4bn ($2bn) refinancing in September.

Heron yesterday warned bondholders "the Group is currently exposed to a number of significant uncertainties" and said there was "a significant potential for cross defaults" on its debt.

A collapse in the Spanish property market has raised the risk of the group defaulting. It also contributed to a net loss of £63.4m in the six months to September and a rise in the group's negative net worth from a pro forma £109m on March 31 to £157.8m on September 30. The group's interim results, prepared on a going concern basis, included a provision of £13.3m for a further fall in property values and a £30.5m foreign exchange loss.

Two weeks ago the group called meetings of its bondholders to seek approval of a deferral of interest, due on March 31, to June 30. Yesterday Heron said a further deferral beyond June 30 was possible.

Bondholders were told by letter yesterday if they did not approve the deferral then default would occur. Further, the Spanish banking facilities needed renegotiation and if this failed another default would be triggered. A review of the group's properties was being undertaken, and initially showed that Heron would not now be able to repay its senior debt by its due date of March 1997. This debt would have to be renegotiated.

Rhône-Poulenc rules out increased bid for Cooper

By John Ridding in Paris

Rhône-Poulenc, the French chemicals and pharmaceuticals group, yesterday ruled out an increaae in its FFr2.8bn ($486m) bid for Co-operation Pharmaceutique Française (Cooper), one of France's biggest distributors of drugs and bealthcare products to retail chemists.

Mr Igor Landau, Rhône-Poulenc managing director, said it was "out of the question to pay one franc more" for its FFr2,400 per share bid, which offers an alternative of 18 Rhône-Poulenc shares for each of Cooper's.

Rhône-Poulenc's bid, which it describes as friendly, bas been accepted by Cooper's management. But it has met resistance from some shareholders. Sabéton, a Lyon-based investment company whicb holds 21 per cent of Cooper's shares has declined to say whether it would accept the offer. Predictions about the level of support for the offer are further complicated by the dispersed sbareboldings in Cooper, with almost 40 per cent of the shares beld by about 3,000 retail chemists.

Rhône-Poulenc expressed confidence about winning the 67 per cent of Cooper's shares, excluding treasury stock, whicb it has set as the target for completing the deal. But Mr Landau warned of the consequences should the bid fail.

In particular, he said that Rhône-Poulenc could withdraw its Doliprane paracetamol from Cooper's distribution network and create its own over-the-counter distribution network for Doliprane and other products. Dolipraua is one of France's largest selling drugs and represents one of Cooper's largest sources of profits, according to Rhône-Poulenc.

The pharmaceuticals group, which was privatised at the end of last year, said it remained determined to pursue its strategy of expanding its OTC and self-medication activities. It sees the expansion of its distribution activities as an important strategic move.

Rhône-Poulenc'a offer is equivalent to 17.7 times the earnings per share achieved by Cooper in 1882, wben it recorded net profits of FFr195m. A French court has frozen 18 per cent of Cooper's shares, which it has classed as treasury stock.

Aérospatiale reduces deficit

By John Ridding

Aérospatiale, tbe French aircraft and missiles group, yesterday announced a sharp reduction in losses in 1993, from FFr2.38bn to FFr1.42bn ($246m), but warned of continued severe competition in international markets.

According to the group, the improvement was the result of efficiency and economy measures, from lower spending on operating costs to stricter controls on investments. Net debts were reduced from FFr16.5bn at the end of 1992 to FFr13.3bn.

The state-owned aircraft company said that 1993 was "profoundly affected by the difficult situation facing airlines and overcapacity in tbe sector". It said its markets were also hit by severe competition for military orders resulting from budgetary constraints. The various factors helped explain a fall in turnover from FFr52.3bn in 1992 to FFr50.8bn and a decline in orders from FFr39.8bn to FFr28.9bn.

It said 1994 "would probably not sea any significant improvement in the economic environment" and competition would remain intense. But it pointed to some encouraging signs in its performance.

According to the group, its share of many of its principal markets had been maintained or improved. Eurocopter, for example, raised its markat share from 50 per cent to 56 per cent. Demand for missiles, ATR aircraft and in its space activities were also described as encouraging.

By contrast, the group's civil helicopter operations suffered from depressed demand while Airbus, of which Aérospatiale is one of the four consortium members, felt the impact of a higher rate of cancellations than new orders.

Carrefour takes control of Picard

By John Ridding

Carrefour, France's largest food retailing group, is set to take control of Picard Surgelés, a private company whicb is one of the country's biggest distributors of frozen food.

Carrefour said that it bad reached agreement to raise its stake in the company from 10 per cent to more than 50 per cent, although it declined to specify the exact amount of its projected investment or tbe amount to be paid.

Picard is the third largest distributor of frozen foods in France and is particularly strong in the Paris region, wbere it has a market share of 24 per cent. Its turnover last year amounted to FFr1.6bn, while net profits reached FFr61.7m.

According to Carrefour, the Decelle family, which established Picard Surgelés in 1974, will remain active at both the management and sharebolder level.

Olivier Decelle and Xavier Decelle are currently chairman and managing director respectively.

● Carrefour has also announced that it is to enter the Mexican market through the establishment of a 50-50 joint venture with Gigante. The new company will develop large supermarkets.

Tbe Mexican company, which has activities in food and electronics retailing as well as cafeterias and restaurants, achieved sales of FFr14.3bn last year.

Asset sales help Coats Viyella at pre-tax level

By Daniel Green in London

Exceptional gains, mostly on property sales, belped Coats Viyella, the UK textiles and clothing manufacturer, push 1993 pre-tax profits to £150.3m ($223.9m), compared with £134.7m the year before.

Underlying operating profit, however, fell 3.6 per cent to £187.6m from £194.6m, before reorganisation costs and adjustments for exchange-rate fluctuations and acquisitions.

Mr Neville Bain, chief executive, warned that "there are no immediate signs of significant improvement in external conditions in our major markets". The shares fell 20p to 280p.

Debt-equity gearing was reduced sharply from 64.6 to 31 per cent, the lowest level since before the £252m acquisition of Tootal three years ago. Mr Russell Walls, finance director, said: "We have digested Tootal."

The decline in gearing followed the conversion of £122.4m of redeemable preference shares to equity. Net borrowings fell from £404.8m to £266.3m.

Earnings per share rose to 14.6p from 10p and the dividend was raised 10 per cent from 7.25p to 8p for the year. The company again intends to offer an enhanced scrip dividend.

By geographical areas, Coats recorded a decline in sales in North and South America and in Europe, outside the UK.

The slowing sales in the rest of Europe and the Americas were partly the result of a trend in men's fashions away from knitwear, said Mr Bain. The decline was sharpest in continental Europe, wbere operating profita fell 32.3 per cent to £31.2m from £46.1m.

Cost-cutting led to operating profit rises in the Americas. Brazil, which has been a persistent loss-maker for the company, recorded a loss of £5m, compared with £15m a year ago.

Acquisitions had sales of £200m and pre-tax and minority profits of £20.5m, adding 1p to earnings-per-share.

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Schroders reveals inner reserves

By Norma Cohen, Investments Correspondent

Schrodars, the UK merchant bank, yesterday revealed for the first time that it has been carrying £101.6m ($151m) in inner reserves on its books and said pre-tax profits rose 85 per cent in 1993.

In 1993, pre-tax profits were £195.8m against £105.7m in 1992. The inclusion of the inner reserves forced Schroders to restate its 1992 earnings, raising them slightly.

Of 1993 profits, the fund management arm contributed 29 per cent, £56.8m, up from £30.2m in 1992. Meanwhila, merchant and investment banking earned £139m, up from £75.5m.

Despite the sharp rise in revenues, administrative expenses rose 20 per cent to £272m, most of which reflected increases in salaries and bonuses. Mr Win Bischoff, group chief executive, said £15m to £20m had been set aside to cover bonuses for 1993.

Schroders also announced a 50 per cent increase in the 1993 dividend to 16.5p per share.

Schroders, like other European merchant banks, is being forced by an EU directive to detail hidden reserves, traditionally used to smooth profits over the years, and to break down the source of revenues into trading activities and that aarned on fees and commissions.

"The hemline is lifted a little bit higher than has been the case in other years," said Mr George Mallinckrodt, chairman.

Analysts point to the very strong growth in Schroder Investment Management, the fund management division. Total assets under management rose 47 per cent to £53bn, about 40 per cent of which was outside Britain.

Net new cash in 1993 totalled £6.5bn, a rise of about 15 per cent of 1992 total funds under management, with £2.7bn of that coming from UK pension funds. Schroders has had particular success in attracting US pension fund assets and is now the largest foreign manager of foreign equities for US institutions. Moreover, since the start of this year, SIM has attracted some £2bn in new cash.

By comparison, Schroders' profits from trading wera roughly 13 per cent of the total. This is far below its contribution to other merchant banks which, owing to strong market performance in 1993, earned 25 to 30 per cent of profits from trading.

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Grolsch forecasts improvement

By Ronald van de Krol in Amsterdam

Grolsch, the Dutch brewer, posted virtually flat results in 1993 but it expects to see a "significant" rise in 1994, due in part to the recent overhaul of its strategy in Britain and Germany.

Declining beer markets in north-west Europe caused net profit to remain at Fl 43.5m ($22.9m) compared with Fl 43.4m in 1992, on turnover down 8.5 per cent at Fl 793.5m.

Since the start of 1994, Grolsch has set up a distribution joint venture with Bass, the UK's largest brewer, to boost sales in Britain and Ireland. It has also announced the sale of Wicküler, its subsidiary in Germany, to the German brewer Bran und Brunnen, in return for a distribution pact that will give Grolsch entry to 6,000 cafes across Germany within five years.

These changes, plus efficiency maasures at home, should lead to a significant improvement in 1994.

Mr Paul Snoep, chairman, said Grolsch did not rule out future acquisitions. Bnt in contrast to the 1991 acquisition of Wicküler, which gave Grolsch a range of local beers and the prospects of a gradual introduction of its own brand in Germany, any takeover must have as its prime goal the accelerated expansion of the Grolsch brand.

Ha denied that the Wicküler investment represented a failure in corporate policy, saying it had given Grolsch the opportunity to enter into a partnership with Brau und Brunnen and achieve a breakthrough in distribution.

In the UK, the Bass deal will giva the Britisb brewer tha right to produce Grolsch beer locally, with the exception of beer bottled in Grolsch's trade-mark swing-top bottles.

The move is a departure for Grolsch, which was previously keen to set itself apart in the UK by being a foreign-brewed beer. Bnt Mr Snoep said, "Extensive market research has shown that UK consumers are used to drinking foreign lagers that are brewed and bottled in the UK." Grolsch had no plans for a similar production arrangement in the US, its second biggest market.

Klöckner sees return to the black

By Quentin Peel in Duisburg

Klöckner-Warke, onca the weakest link in the German steel industry, expects to be back in the black this year, having disposed of most of its steel interests, and written off much of its steel-related debt burden.

The company has been transformed into an internationally-diversified plastics and engineering group, with a residual interest in the Bremen-based Klöckner Steel integrated plant, Mr Hans Christoph von Rohr, the chief executive, said yesterday.

In spite of a drastic restructuring programme, launched last year as part of the "composition proceedings" – the last step before bankruptcy under German financial law – Klöckner Werke still suffered a loss of DM376m in its 1992/93 financial year, of whicb DM361m ($213m) was directly attributable to the steel operations.

The company is awaiting a final decision in early April by Sidmar, the Belgian steel-making subsidiary of the Arbed group, on whether it will take a 25 per cent stake in the Bremen steel plant. If the deal goes ahead, Klöckner's own stake will drop to 25 per cent and management of the plant will be transferred to Sidmar.

Mr von Rohr said that the Bremen plant would be making a profit in 1994, thanks to the restructuring measures.

Bull full-year loss tops FFr5bn

By John Ridding

Groupe Bull, the French computer group which is slated for privatisation this year, has taken restructuring provisions of FFr1.65bn ($286m) in its accounts for 1993, taking total net losses for the year to FFr5.07bn.

The result compares with a deficit of FFr4.72bn in 1992 and means that total losses for the past four years hava amounted to FFr19.9bn. Operating losses grew to FFr1.89bn from FFr642m, while sales declined to FFr28.25bn from FFr30.19bn.

Tha company's financial plight and the Frencb government's decision to privatise the group as quickly as possibla has prompted a recovery plan aimed at returning the group to profit by 1995.

Mr Jean-Marie Descarpentries, who took over as chairman last October, is implementing cost cutting and measures to improve productivity. Industrial partners are being sought to take stakes in tha company and allow its entry into the private sector.

The group said that priority is to be given to internal revenua growth. It said the experience of the past few months, whicb saw a 23 per cent increase in sales in January and February, year-on-year, showed this is possible.

Bull is aiming for a "drastic reduction in all non-salary costs". The reduction in the number of its Paris sites, for example, is expected to save FFr500m this year.

A FFr7bn capital injection from the French government to support the computer group is currently being examined by the European Commission. Its acceptance will depend on the viability of the recovery plan and the company's success in finding industrial partners.

All of these securities having been sold, this announcement appears as a matter of record only.

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Fund launched to invest in Peru privatisation

By Stephen Fidler, Latin America Editor

A new fund to invest in Peru's radical privatisation programme is to be launched next month using a format previously successfully in Chile and Argentina.

Midland Bank of the UK, Chase Manhattan of the US and Banco de Credito del Peru are sponsoring the fund, expected to attract up to $250m in cash and sovereign debt paper from banks and other financial institutions.

The International Finance Corporation, the private sector financing arm of the World Bank, is also expected to be an investor. A participation of up to 10 per cent of the fund's value, probably in cash, is awaiting approval by the IFC's board.

The Peru Privatisation Fund will be managed by Montagu Mining Finance, mining subsidiary of Midland's merchant banking unit.

Although mining will be an important element in the privatisetion programme, the fund will elso consider investments in oil and gas, electricity generation and distribution, fishing and manufacturing.

The fund aims to be operational by early next month when tha privatisation of Centromin, the mining, smelting and refining conglomerate, is scheduled to take place.

The government has said that the base price for the company would be $280m in cash, plus at least $60m in debt paper and a minimum investment of $240m over three years.

Previous deht-for-eqoity funds – also involving Midland and the IFC – have been successful in both Argentina and Chile.

Montagu said the acceptance of debt in part payment for privatised assets should increase investor interest in privatisation, reduce overall debt and pave the way to an overall debt restructuring.

It should also, said an IFC official, help in the development of Peru's domestic capital markets.

Peru has raised some $2.5bn in its privatisations so far, $2bn coming in one unexpectedly large bid in the most recent telecommunications sale.

After numerous delays, the process now appears to be going ahaed in earnest, aithough uncertainties remain about how exactly the deht swap mechanism will work.

Amexco concentrates credit card jobs in UK

By Michael Skapinker, Leisure Industries Correspondent

American Exprees said yesterday it was consolidating some of its European charge card operations and moving them to Brighton in the UK, resulting in a net loss of 900 jobs.

The administration and processing of American Express card operations is done separately in 16 European countries. Over the next 18 months, these functions will be transferred to Brighton.

This will add 390 jobs to the Brighton facility, hringing the number of American Express employees there to 2,500. The company said it could not say what the costs of the redundancy exercise would be but it would be funded from existing resources. Nor could it say wbat savings wonld be achieved by the staff rednction.

American Express said some staff from its continental European operations would be transferred to Brighton and the job losses will be spread throughout the other 15 countries.

The move does not affect the American Express traveller's cheque operations or its travel business.

The jobs affected will be those which do not involve any direct contact with cardholders. The functions being centralised in Brighton include opening new accounts, establishing card epplicants' credit-worthiness and dealing with correspondence.

American Express said the consolidation would enable it to save costs by developing a single system for dealing with European charge card holders. It added that different procedures for dealing with customers had developed in the different European countries.

The company said consolidating these operations would enable it to increase the speed with which it responds to new applicants and existing cardholders.

Forestry group's river of gold runs dry

A new Canadian newsprint mill has been idle since Christmas, reports Bernard Simon

Imagine having a spanking new car in your driveway but being unable to drive it. That's the analogy used by a banker to describe the plight of the newsprint mill at Gold River, British Columbia.

The C$320m (US$239m) mill, commissioned little more than four years ago, is among the most modern in the world. But it has stood idle since Christmas Eve as its leading shareholder, Canadian Pacific Forest Products, haggles with international banks over its future.

The Gold River saga is being closely wetched by forestry companies and their bankers throughout North Americe. Industry executives are nervous that the Gold River closure signals a growing impatience among lenders with an industry which is reeling from four years of heavy losses.

For the bankers, the mill raises the difficult question of what to do with e brand-new project when snpply and demand for newsprint are finely balanced.

Prices remain near their lowest recessionary levels, and a new newsprint machine is the last item on a pulp and paper company's shopping list. But the market outlook has improved as the North American economies pick up. Producers are expected to succeed in pushing through at least part of an 11 per cent price increase which took effect on March 1.

The eight-member Gold River banking syndicate has indicated, however, that it wants substantial changes at the mill before it would agree to restructure the C$226m debt. It has turned down CP Forest's proposal for short-term funding to keep the mill going.

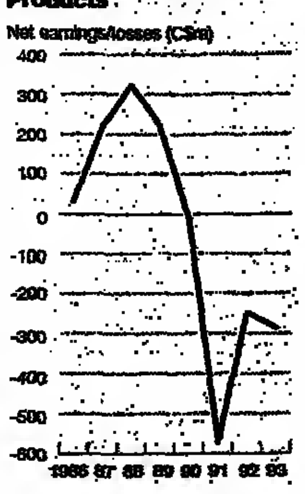
Instead, the banks have explored more radical options such as a new controlling shareholder to replace CP Forest, and converting the newsprint machine to a different type of paper.

One member of the lending group notes that "in the right hands and in the proper circumstances, the facility is valuable". The group is led by Toronto-Dominion Bank, and inclndes Netional Westminster of the UK, Bank of Tokyo, Union Bank of Switzerland, Australia'e Westpac and three other Canadian banks.

But the banks have so far come up empty-handed in their search for a buyer or another operator. One sticking point is that the newsprint facility is closely integrated with a nearby CP Forest pulp mill.

Rumours abound in the forestry industry that, should talks with CP Forest fail, the machinery may he shipped elsewhere, probably to a US mill.

Canadian Pacific Forest Products



Nowhere is the discomfort greater than at CP Forest, which was a subsidiary of Canadian Pacific, the diversified rail and resources group, until CP spun its stake off to the public last year.

CP Forest initially took a 61 per cent stake in the Gold River limited partnership. But its eight partners, who include publishers in the US, Japan, UK and Singapore, have preferred to give up equity over the past four years rather than participate in cash calls for the mill. As a result, CP Forest's interest has climbed to 84 per cent.

Relations between CP Forest and the banks have been bumpy. The mill was commissioned just as the newsprint market started sinking. "We're a long way short of the transaction prices we anticipated in the feasibility study," says Mr Norman Lord, who heads CP Forest's restructuring team.

To add to the problems, the mill's start-up was plagued by, among other things, technical problems and soil subsidence.

The Montreal-based company vented its own frustrations late last year by refusing to sink more money into the partnership. As a result, debt-service payments were halted and the mill was unable to re-open after the Christmas holidays.

CP Forest wrote off its entire C$147m investment in the fourth quarter, contributing to a C$286m loss for 1993. Long viewed as one of North America's stodgiest forestry groups, CP Forest has lost C$1.12bn over the past four years. West coast lumber properties were spun off last year into a new public company, and the same is being done with its paperboard business. Several individual pulp and paper mills have been sold or closed.

Progress in negotiations between CP Forest and the banks over Gold River has so far been slow. The company has yet to deliver a revised business plan which was promised by last month.

Mr Lord says that CP Forest wae distracted hy its short-term funding proposal. The long-term plan will be submitted by the end of March, he says. "Other than losing 2-3 weeks in the process [the negotiations] are running pretty much as we'd expected."

Whether Gold River eventually sinks or swims, it has fulfilled a purpose for at least one group of stakeholders. In the four years that it operated, its annual output of 230,000 tonnes has helped drive down west coast paper prices.

Mr Mason Sizemore, chief operating officer of the Seattle Times newspaper, consoles himself that intensified competition among newsprint suppliers has made up for the write-off which his company has taken on its 5 per cent stake in Gold River.

Price cut likely for Northwest offering

By Martin Dickson in New York

Northwest Airlines, the fourth-largest US carrier, appears to be substantially cutting the asking price of a public offering of shares through which it plans to return to the stock market over the next few weeks.

When Northwest announced its offering in January it indicated that it hoped to sell the shares at around $20, raising between $400m and $460m in new capital.

However, Wall Street analysts said yesterday that it appeared now to he seeking some $13 to $14 a share. Northwest declined to comment, citing securities regulations which preclude discussion of public offerings.

Lehman Brothars is lead underwriter for the offaring, which is expected to be priced next week.

Analysts said the offering was never going to be a particularly easy one to sell.

Northwest narrowly escaped bankruptcy last year by persuading employees to accept an equity stake in return for labour concessions.

It faces a continuing fares war against rival carriers in the depressed North American market and is one of the leading US airlines serving the Pacific, where Japan's recession has hit trade.

Shareholders demand US Shoe break-up

By Martin Dickson in New York

A group of dissatisfied shareholders et US Shoe, an American clothing, optical and footwear retailer, is to propose at the group's annual meeting this spring that it be broken into three separately quoted companies.

The suggestion has been submitted hy private investors associated with Mr Alfred Kingsley, who runs Greenway Partners, a New York money management firm. Mr Kingsley has been trying to raise shareholder support for the scheme. His firm owns or has voting control over more than 4 per cent of US Shoe's stock, hut has not held it long enough to file a proposal itself.

Mr Kingsley, a former associate of Mr Carl Icahn, the corporate raider, argues that US Shoe's three divisions lack synergy.

Mr Robert Burton, US Shoe's director of corporate communications, said its board planned to file a preliminary reply to it within a week.

US Shoe has annual sales of around $2.7bn. The company has a lacklustre earnings record and is one of 10 poor performers being targeted for action during the annual company meeting season hy the California Public Employees Retirement System, one of the largest and most aggressive investment funds in the US.

Aldus and Adobe set to merge

By Louise Kehoe in San Francisco

Aldus and Adobe Systems, two pioneers of desktop publishing software, are to merge in a stock swap deal valued at abont $525m. Combined, the companies have annual revenues of about $520m.

Adobe will exchange 1.15 shares of its common stock for each share of Aldus common stock.

Aldus' share price rose sharply yesterday on news of the merger agreement, trading at $31⅛, up from Tuesday's close of $26¼. Adobe Systems was trading at $28¾, down from $32½.

"We believe our two companies, each with a rich history of inventing different aspects of the electronic publishing revointion, are simply much stronger together – both technologically and financially," said Mr John Warnock, chairman and chief executive of Adobe Systems.

Adobe and Aldns are widely recognised for having created "desktop publishing" – the use of personal computers in publishing newsletters, magazines and newspapers. Over the past decade publishing software has grown into a $2bn industry.

Adobe's flagship product is PostScript, a computer language for printers that has become an industry standard. It also makes programs that allow computer users to print text in various typefaces.

Based in Mountain View, California, the company reported fiscal 1993 revenues of $313m and net income of $57m.

Aldus' leading product is PageMaker, a program for the "lay out" or design of documents such as magazina pages. Based in Seattle, Washington, it had 1993 revenues of $207m and net incoma of $9.5m.

The companies' products are complementary, with little overlap, analysts said. Mr Tim Bajarin, president of Creativa Strategies, a California market research firm, said the deal would allow them "to be much more of a powerhouse when it comes to next-generation desktop publishing, printing and graphics technology".

Croat brewer attracts several European bids

By Patrick Blum in Vienna and Gavin Gray in Zagreb

Sevaral leading European brewers have placed bids for a 24 per cent stake in Zagreb Brewery (ZB), Croatia's largest brewer with the capacity to produce up to 1m hectolitres of beer.

The bidders include Interbrew, the Belgian company that makes Stella Artois, Brau AG of Austria, Castel of France, a German group, and a millionaire former Croat emigré.

The whole of the company is being privatised with over 50 per cent of the shares reserved for employees, and the reminder going to pensions and other funds. A foreign partner was sought to help modernise production.

ZB has a book value of around DM41m ($23.2m) hut the market value as reflected in the hids is considerably higher, says Mr Peter Golscheider, managing director of Epic, the Vienna-based investment fund which organised the foreign tender.

Whila ZB has mainly a regional market, demand is expected to pick up strongly when tourists return to Croatia once the war in Bosnia is over.

The winning hid will be announced in a week's time. The brewery has a strong history of profitability, a low debt, and a good management team, Mr Golscheider says.

Caterpillar in China deal

Caterpillar, the US heavy equipment manufacturer, has signed a joint venture agreement with China's leading diesel engine maker to build engines in China, writes Martin Dickson.

Caterpillar will be the majority partner in the veoture with Shanghai Diesel Engine.

Under a previous agreement between the two companies, engines were built in China with Caterpillar technology, hut sold under a different trademark. They will now be marketed in China as Caterpillar engines.

● ITT of the US said its ITT Flygt unit has signed a joint venture agreement with Dynapac Comercial for the manufacture and sale of sulmersihle pumps and mixers in Brazil.

Brascan settles dispute with banks

Brascan, a key holding company in the Edper-Hees group, has settled a dispute with an international banking consortium, writes Robert Gibbens in Montreal.

It will repay immediately US$62.5m or 12.5 per cent of $500m owed to 10 foreign banks led hy Chemical Bank of the US.

A lawsuit begun in the UK hy the banks has been dropped and Brascan will consult the banks before making any further significant asset sales. Another $12.5m will be paid to Germany's Commerzhank, which is owed another $100m.

CTC shares remain suspended

By David Pilling in Santiago

Trading in CTC, the Chilean telecommunications group, was suspended for the second day in New York and Santiago yesterday after doubts emerged on Tuesday over Chile's new five-year telephone tariff structure.

Shares in the company, in which Telefonica of Spain has a 43 per cent stake, dropped by 13.8 per cent in New York, where CTC trades a quarter of its stock under the American Depository Receipt (ADR) mechanism.

CTC fell by 8.3 per cent in Santiago, precipitating a 1.2 per cent fall in the IPSA index of most-traded shares.

The company, which has asked the Comptroller General to declare the new tariff proposals illegal, said it was due to meet the ministry of transport and telecommunications last night to appeal against the draft proposals.

CTC had expected the tariffs to be increased slightly but it now seems that there will be significant cuts, which would hit the company'e revenues.

Mr Daniel Yarur, chairman of Chile's securities and exchange commission, said CTC shares would continue to be suspended until the company had fully disclosed the potential affects of tariff changes on its performance.

Analysts in New York said the incident confirmed the vulnerability of Chilean companies to changing US sentiment. Eight companies have already placed ADRs and 13 others hope to follow suit this year.

Mr Yarur said New York listings had a positive effect. "The US looks for transparency and maximum disclosure and therefore strengthens, not weakens, the process," he said.

APACHE CORPORATION
ARKLA, INC.
BAKER HUGHES INCORPORATED
THE BROOKLYN UNION GAS COMPANY
CONSOLIDATED NATURAL GAS COMPANY
DIAMOND SHAMROCK, INC.
DRESSER INDUSTRIES, INC.
DUAL DRILLING COMPANY
ELF OVERSEAS LIMITED
ENRON CORP.
HORNBECK OFFSHORE SERVICES, INC.
KELLEY OIL & GAS PARTNERS, LTD.
LASMO PLC
MAXUS ENERGY CORPORATION
MCDERMOTT INCORPORATED
MICHIGAN CONSOLIDATED GAS COMPANY
MITCHELL ENERGY & DEVELOPMENT CORP.
NATIONAL FUEL GAS COMPANY
NOBLE AFFILIATES, INC.
NORTHERN BORDER PARTNERS, L.P.
NORTHERN ILLINOIS GAS COMPANY
NOVA CORPORATION OF ALBERTA
OCCIDENTAL PETROLEUM CORPORATION
PACIFIC ENTERPRISES
PANHANDLE EASTERN CORPORATION
PENNZOIL COMPANY
PETROFINA S.A.
PHILLIPS PETROLEUM COMPANY
THE PRUDENTIAL-BACHE ENERGY INCOME FUNDS
REPSOL, S.A.
SEAGULL ENERGY CORPORATION
SOUTHERN CALIFORNIA GAS COMPANY
TEJAS GAS CORPORATION
TENNECO INC.
TOKYO GAS CO., LTD.
TRANSCO ENERGY COMPANY
TRANSCONTINENTAL GAS PIPE LINE CORPORATION
TRITON ENERGY CORPORATION
TUBOSCOPE VETCO INTERNATIONAL CORPORATION
UNITED MERIDIAN CORPORATION
WAINOCO OIL CORPORATION
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INTERNATIONAL COMPANIES AND FINANCE

Asko returns to profit but opts to omit payout

By Christopher Parkes in Frankfurt

Asko, one of Germany's biggest retailers, returned to profit last year, but will not resume dividend payments on ordinary shares until the end of this year.

By then the company should be experiencing a marked improvement in earnings, Mr Klaus Wiegandt, chairman, said yesterday.

It will, however, pay out around DM1.5bn in the form of a DM7.50 dividend for preference shareholders, according to Mr Horst Weber, finance director.

The payment comprises DM2.50 for each of the past three years, and meets a statutory requirement for a minimum 5 per cent annual dividend to holders of preferred stock.

Preference shareholders would have acquired voting rights at the next annual meeting if the payment were not made, he said.

The company, majority-owned by the Swiss Metro group since last year, earned a net DM432m ($255.6m) for the year ended September, 1993, compared with a loss of DM462m in the preceding nine-month period.

Last year's profits from ordinary activities, excluding extraordinary gains and payments resulting from a wide-ranging restructuring, totalled DM196m, Mr Wiegandt said.

He confirmed that the group would go ahead this year with a rights issue to reinforce Asko's capital base. The board has approval a nominal DM83.25m capital increase.

Majority shareholders – Metro, WestLB bank and Bego-ha-Holding, accounting for 70 per cent of the outstanding shares – would take up their entitlement to the rights offer.

The group's ordinary shares gained DM39 yesterday, closing at DM1,089 in Frankfurt, while the preference stock rose DM25 to DM980.

Porsche details fund-raising

By Christopher Parkes

The planned capital increase for Porsche, aimed at raising DM200m ($118m) to help fund new sports car developments, is to take the form of a one-for-four rights issue at DM575 a share.

The subscription period for the 350,000 new shares, half ordinary and half preferred stock with a nominal value of DM17.5m, will run from March 22 to April 7. The new shares will be eligible for 50 per cent of any dividend payable for the financial year ending on July 31. The offer follows approval at the annual meeting in January of a proposal to increase the company's capital by up to DM30m.

The new ordinary stock is already destined for the Porsche and Piëch families, which own all existing voting shares, and have shown no inclination to relinquish absolute control. They are also understood to own 40 per cent of outstanding preference shares.

The company, which last year lost almost DM240m, and has previously said it expects a further deficit this year of around DM150m, after a shortfall of DM115m at the half-year, has confidently forecast a return to profits in 1994/95 and "decent" earnings the following year.

By then it expects to have two new models on the market to bolster a range which at present depends heavily on the 911 series. The company has estimated its investment needs at DM1bn until the end of the 1996/97 year.

Further details of the company's prospects are expected on Monday at the public launch of the rights issue by the lead manager, Dresdner Bank.

See Lex

Sales at Visa exceed $500bn for first time

Visa International said its worldwide sales volume for 1993 rose to $542.2bn, up 16.9 per cent from 1992's $463.7bn. This is the first time sales have topped $500bn, Reuter reports from San Francisco.

The company said the number of cards issued worldwide rose to 333.1m compared with 304.6m in 1992, a gain of 9.4 per cent. It attributed the growth to the brand prominence of Visa and to renewed consumer confidence.

Visa said its US sales volume was $229.9bn, up 18.2 per cent.

SA gold mine plans R284m rights issue

By Matthew Curtin in Johannesburg

Joel, the South African gold mine controlled by Johannesburg Consolidated Investment, yesterday announced a R284m ($82m) rights issue and new mining plan.

Joel will redeem R150m worth of preference shares, and pay for the early stages of an eight-year R657m revamp of the mine's underground and surface operations through the issue of 98m new shares at 290 cents each.

JCI, which is part of the Anglo American group, and the Sanlam life insurance company, holders of 55 per cent and 7 per cent stakes in Joel, will take up their entitlement to the offer. The balance will be underwritten by Smith New Court and NM Rothschild.

JCI has sunk R900m into Joel since 1987, but in the past year considered closing or merging it with the neighbouring Beatrix mine, owned by Gencor.

Joel's results have been dented by high working costs and heavy borrowings.

Top Danish insurer back in black at DKr815m

By Hilary Barnes in Copenhagen

Codan, which last year became Denmark's largest general insurance company with the takeover of Hafnia, made a net profit of DKr815m ($125.4m) in 1993, compared with a DKr74m loss in 1992.

Hafnia collapsed in 1992 after an unsuccessful attempt, with Norway's Uni Storebrand, to mount a takeover bid for Skandia, the big Swedish insurance group. Codan is controlled by the UK's Sun Alliance.

The Hafnia acquisition is reflected by a rise in Codan's premium income, from DKr2.09bn to DKr6.95bn last year. The figure includes both general insurance and life assurance. The group's total assets rose to DKr55.34bn from DKr15.32bn.

Codan said the overall result for 1993 was acceptable, but that the result for general insurance was "unsatisfactory". There was a loss on Danish general insurance, before investment income from insurance activities, of DKr770m.

However, rising bond and share prices in 1993 pushed up investment income. Investment income on the general insurance business amounted to DKr610m. Other investment income was DKr664m, while the life assurance business made a profit of DKr428m.

Codan said performance in general insurance would improve in 1994, as premium prices had been increased and because 1993 was burdened with non-recurring provisions arising from Hafnia. These included DKr400m to cover losses on finance guarantees over and above the amount already set aside by Hafnia.

The final result in 1994 will depend on the movement of bond and share prices, said Codan. It is paying an unchanged DKr50-a-share dividend for 1993.

● RAS, the big Italian insurance group, expects pre-tax profits for last year to exceed the L94.6bn ($56m) of 1992, writes John Simpkins from Milan.

Being punished for prudence

Nordbanken's rivals say state aid was unfair, writes Hugh Carnegy

This time last year, most of Sweden's banks were queueing up for government aid to rescue them from a loan-loss ducking that nearly sank them. Twelve months later, the state is under fire from the same banks for weighting its support too heavily towards just one institution, Nordbanken.

The issue is set to be thrown into sharp relief next week when Nordbanken, now wholly state-owned, announces profits for 1993. These are likely to be well in excess of those of its rivals. It is a profit the bank could not possibly have achieved without a wholesale clean-up of its books last year. The operation involved an injection of taxpayers' funds of more than SKr50bn ($6.4bn), and the assumption by the state of Nordbanken bad loans worth SKr67bn.

What is more, Nordbanken has meanwhile become the largest Swedish bank, by market share, through the takeover of Gota Bank. Gota was second only to Nordbanken in the scale of its loan-loss debacle and also was taken over by the state. That operation cost more than SKr27bn and involved the state purchase of bad assets worth SKr43bn.

Nordbanken and Gota Bank were not the only banks to receive state aid. However, they did swallow the lion's share and the other banks, particularly Skandinaviska Enskilda Banken and Svenska Handelsbanken, are peeved. The two are leading commercial banks which survived the crisis without direct state assistance.

SE-Banken and Handelsbanken both returned to profit in 1993 after huge losses in 1992 – respectively posting operating earnings of SKr357m and SKr1.8bn, due mainly to low interest rates and rising investment income. But they continued to be burdened by high loan losses – as was Swedbank, the largest in the Nordic region by asset values, and the smaller Föreningsbanken. Both remained in the red in 1993.

The growing sense of unfair treatment among Nordbanken's rivals was given its strongest airing earlier this month in a protest from the Swedish Bankers' Association. Led by SE-Banken and Handelsbanken, the association complained that the extent of state aid to Nordbanken was excessive, and called on the government to claw back some of its support.

"The state support for Nordbanken has been comprised in a way that gives Nordbanken a clear competitive advantage over the other players in the payment and credit system," the association said in a letter to the Bank Support Authority, the Riksbank, and the financial inspectors.

STATE SUPPORT FOR SWEDISH BANKS	SKrbn
Swedbank	8.0
Nordbanken	16.2
Securum	35.0
Föreningsbanken	2.5
Gota Bank	20.0
Equity for Retriva	3.8
Guarantee for Retriva	3.5
Total	89.0

Handelsbanken, in particular, would appear to have grounds for complaint. It was the least affected by loan losses – mostly accrued by its rivals through wildly-imprudent property lending – and was the only bank which did not apply for state aid.

Yet its reward for solid management has been limited to an increase in market share, from around 14 per cent to 16 per cent and, in the words of a government official, the enhancement of its "reputation and standing in the market".

The authorities, however, have shown little sympathy for the Bankers' Association protest. Mr Stefan Ingves, chief executive of the Bank Support Authority, says allowing Nordbanken and/or Gota Bank to collapse would have reduced, not enhanced, competition in the system – if, indeed, the system had survived the shock.

He rejects a proposal by the Bankers' Association that Nordbanken should be penalised through the suspension of interest payments due on SKr30bn in assets held by Securum, the so-called bad bank into which the government placed Nordbanken's bad loans.

Mr Ingves said although Nordbanken was not paying a formal price for Gota, it would have to spend around SKr3bn to bring Gota's capital adequacy ratio above the international requirement of 8 per cent. In addition, the BSA intended to "disentangle" over the next year both Nordbanken from Securum and Gota from Retriva, the Gota "bad bank".

However, the main concern of the authorities appears to be to achieve the best payback to the taxpayers when Nordbanken is re-privatised, rather than to placate the competitive jealousies of other banks.

It was the perception that a merger with Nordbanken would enhance these returns that led the government not to sell Gota Bank as a stand-alone entity late last year.

Mr Ingves insists the final reckoning of the government's bail-out of Nordbanken and Gota Bank should not be made until Nordbanken is sold off, probably some time next year.

NEWS DIGEST

Telstra cautious in spite of rise

By Nikki Tait in Sydney

Telstra, the Australian telecommunications company, yesterday reported a 26.3 per cent increase in profits after tax, to A$997m (US$717.3m) for the six months ended December. However, it warned that increasing competition would put pressure on future returns.

Mr David Hoare, chairman, described the first-half results as "sound", but said that competition had been "fierce".

"This will increase pressure of Telstra's future profit margins and cashflows," he said.

Due to the progressive deregulation of the Australian telecommunications sector, Telstra now faces competition from Optus in the long-distance market, and from Optus and Britain's Vodafone for mobile telephone services. The government's aim is to move to full network competition by 1997.

Telstra's revenues during the six months rose 3.5 per cent to A$6.41bn, while operating profits were 12.2 per cent higher at A$1.48m.

Telstra's debt fell, leaving the gearing ratio at 37 per cent by the end of 1993, compared with 41 per cent six months earlier.

The company, which said it would pay an interim dividend of A$361m to the federal government, does not provide a detailed break-down of its figures.

Poseidon Gold acquisition delayed

Poseidon Gold, part of Mr Robert de Crespigny's Normandy Poseidon group, said its proposed purchase of a 40 per cent interest in the Boddington Gold Mine from Reynolds Metals had been delayed by the court action brought by Newcrest Mining.

The deal – which involves payment of US$116m, plus delivery of 30,000 ounces of gold over seven years – had been due to close on Tuesday.

A new completion date will be set when court proceedings end. Newcrest is seeking to block the deal, although PosGold maintains the legal action "has no merit".

Pasminco sells mine interest

Pasminco, the Australian zinc and lead producer, is selling a 40 per cent interest in the Elura zinc/lead mine in New South Wales to Korea Zinc Company for A$40m (US$28.7m).

The price will be paid in two instalments: A$27m when the deal is completed, and a further A$13m when the mine is upgraded to allow it to operate at its "installed" capacity of 1.2m tonnes of ore a year. It currently operates at only around 800,000 tonnes a year.

Once back to installed capacity, Pasminco will take 60 per cent of the output to supply its Australian smelters, while Korea Zinc will use the remainder to supply zinc and lead smelters in Korea.

INTERNATIONAL CAPITAL MARKETS

Bundesbank gives brief boost to European paper

By Conner Middelmann in London and Frank McGurty in New York

European government bonds had a volatile session, rising in the morning following the latest reduction in the Bundesbank's repo rate but slipping back towards the close amid scant retail demand and reports of overseas selling.

"Investors see value in these markets, but no one wants to be the first to buy," said Mr Garry Jones, senior strategist at Paribas Capital Markets. However, he said that "some people are starting to nibble at the market", buying on dips rather than selling into strength.

■ UK gilts were Europe's weakest market yesterday, shrugging off lower-than-expected retail sales numbers and falling by more than a point as January average-earnings and unit labour cost data reignited inflation concerns.

The June long gilt future on Liffe fell by around 1$\frac{1}{32}$ point to 110$\frac{15}{16}$.

Gilts sharply underperformed their core European counterparts, causing their 10-year yield premium over German bunds to widen to about 115 basis points on an annualised basis from 105 basis points at the open.

Friday's expected announcement by the Bank of England of its next gilt auction exerted further pressure on prices.

"In the absence of overseas investors, new supply will have to be taken up by domestics – who have been keeping a very low profile in recent weeks," said a trader.

■ German bunds strengthened in the morning, despite some disappointment that the Bundesbank shaved only six basis points off its minimum repo rate, bringing it down to 5.88 per cent.

GOVERNMENT BONDS

However, the drop was larger than the recent three-basis-point reductions, serving as a reminder that the German monetary easing process continues.

According to Mr Carl Holt, head of trading at ABN-Amro, "the market got a bit over-extended in recent days", and slipped back yesterday amid scant retail activity. He did see some investor interest in shorter maturities, which are seen to benefit from further cuts in short-term rates, but "people are cautious towards the long end", he said.

Looking to today's Bundesbank council meeting, few traders expect a cut in the 5.25 per cent discount rate, although there was continued talk of a reduction in the 6.25 per cent Lombard rate.

The next council meeting is scheduled for April 14. Until then, most traders expect the Bundesbank to continue its policy of cautious repo-rate cuts.

The Dutch government today will reopen its 7½ per cent 30-year benchmark bond at an auction that is expected to raise between Fl 1bn and Fl 2bn.

■ Europe's high-yielders moved roughly in line with bunds on moderate volume. The Italian June BTP future fell 0.07 point to 112.10, while the Spanish June bond future slipped by 0.15 point to 101.35.

■ The US Treasury market traded higher yesterday morning, relieved by more favourable news on inflation.

By midday, the benchmark 30-year government bond was $\frac{3}{32}$ better at 92$\frac{11}{32}$, with the yield dipping to 6.853 per cent. On the short end, the two-year note was up $\frac{1}{32}$ to 99$\frac{13}{32}$, to yield 4.929 per cent.

For the second day running the Labor Department helped ease concerns that accelerating growth was pumping up inflationary pressures in the economy, a threat to the value of fixed-rate Treasury bonds.

The government said the February consumer price index had risen 0.3 per cent, a figure which matched the forecasts of analysts. On an annual basis, the index fell to 2.4 per cent, its lowest level for seven years.

It was the last big hurdle facing the market this week. The absence of any unpleasant surprises was enough to allow bonds to extend gains struck the previous session on a weaker-than expected producer price figures.

However, buying continued to be restrained, and prices appeared to be settling into a narrow trading range. Some observers believed the tight pattern would hold until after the Federal Reserve's policy-making session next week.

London-Shanghai SE move closer

By Tony Walker in Beijing

The London and Shanghai stock exchanges yesterday agreed to work towards the listing of Chinese companies abroad as part of increased co-operation between the two markets.

Sir Andrew Hugh Smith, chairman of the London stock exchange, signed a memorandum of understanding with his Shanghai counterpart aimed at facilitating technical contacts.

Sir Andrew said that these contacts would assist in bringing closer the regulatory procedures of the two exchanges.

Among issues being discussed was the trading of Shanghai stocks on the London market. Shanghai Petrochemical, which was listed abroad simultaneously in Hong Kong and New York last year, is being traded in London.

Sir Andrew, who has been addressing seminars in Beijing and Shanghai organised by the China-Britain Trade Group, said that he could foresee British companies seeking listings in Shanghai. The timing would depend, he said, on further de-regulation of the foreign exchange market. China has not yet moved to full convertibility for the yuan.

Sir Andrew: can foresee UK company listings in Shanghai

Shanghai is one of two stock exchanges in China. The other is located in the Shenzen Special Economic Zone adjacent to Hong Kong. There are plans for a third, possibly in the Yangtze river town of Wuhan.

Philips returns to market

By Antonia Sharpe

Philips, the Dutch electronics group which this month announced a return to profit in 1993 and its first dividend since 1990, returned to the international bond market yesterday after an absence of six years with a FFr1bn offering of eight-year Eurobonds.

A Philips spokesman said the proceeds of the transaction would be kept in French francs and used for general corporate purposes. He added that Philips had chosen to make its return in the French franc sector because it was the most receptive to long maturities from corporate borrowers.

Syndicate managers said Philips' bonds were correctly priced at a yield spread of 85 basis points over the 8½ per cent French government bond due 2002, and that the spread met current demand among investors for decent returns. They added that a further attraction was the likelihood that Philips' fortunes would continue to improve.

Lead manager CCF said domestic investors took up around half of the bonds which it sold yesterday, while the other half were sold to investors in Germany, Benelux and Switzerland.

INTERNATIONAL BONDS

When the bonds were freed to trade, they slipped from a fixed re-offer price of 99.55 to 99.20, in line with weakness in the underlying market. The spread widened by one basis point.

Elsewhere, New Zealand's successful issue of floating-rate notes on Tuesday prompted two further five-year FRN offerings, one of $500m from Hydro-Quebec and the other of $150m from Instituto Nacional de Industria (INI), the Spanish state industrial holding company.

The tighter pricing on INI's offering, which was off its Euro medium-term note programme, reflected its superior credit rating. Some syndicate managers feared that the FRN market was close to saturation following the recent rush of offerings.

The World Bank followed the European Investment Bank's footsteps into the Greek drachma sector yesterday when it launched a Dr15bn offering of three-year Eurobonds. The proceeds of the transaction were swapped into dollars. The World Bank said the deal reflected its policy of constantly trying to diversify its funding sources and investor groups. In addition, the bank had achieved an attractive cost of funds on an after-swap basis.

Lead manager Midland Bank Athens said the high coupon on the bonds of 15½ per cent appealed mainly to continental investors. When the bonds were freed to trade, they rose from an issue price of 100¼ to 103¼.

Bank for Dutch Municipalities took advantage of demand among Benelux retail investors for short-dated Canadian dollar bonds by issuing a C$150m offering of three-year Eurobonds. Lead manager ABN-Amro said it had sold over half of its commitment, around one-third of the total amount, by the close of trading. The bonds closed unchanged at their fixed re-offer price of 99.86.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Hydro-Quebec‡	500	(a)	99.18R	Apr.1999	0.15R	-	CS First Boston
Mitsubishi Oil Co.(b)ϕ	250	1.25	100.00	Apr.1998	2.25	-	Yamaichi Intl.
INI Finance‡	150	(c)	99.80R	Apr.1999	0.15R	-	Merrill Lynch Intl.
D-MARKS							
SGZ‡	100	(d)	101.40	Apr.2004	1.75	-	DG Bank
YEN							
Mitsubishi Corp. Finance	10bn	(e,f)	100.00	Jun.1997	0.1875	-	IBJ International
Panasonic Finance Neths.(e)	5.3bn	3.35	100.75	Jul.1997	undiscl.	-	Merrill Lynch Intl.
FRENCH FRANCS							
Philips	1bn	8.875	99.55R	Apr.2002	0.40R	+85 (8½%-02)	CCF
CANADIAN DOLLARS							
Bank for Dutch Municipalities	150	6.50	99.86R	Apr.1997	0.20R	+23 (g)	ABN Amro Bank
ESCUDOS							
European Investment Bank‡	15bn	(h)	100.00	Mar.1999	0.16	-	BPI
DRACHMAS							
World Bank	15bn	15.50	100.875	Apr.1997	1.375	-	Midland Athens
SWISS FRANCS							
Sudwestdeutsche LB Cap.Mkts.	100	4.25	102.25	Apr.1999	-	-	Lehman Brothers(Switz.)
G.M. Pfaff, (Neths.)(i)*§	85	2.50	100.00	Apr.2000	-	-	Bankers Trust (Switz.)

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. *Private placement. §Convertible. ϕWith equity warrants. ‡Floating rate note. R: fixed re-offer price; fees are shown at the re-offer level. a) 3-mth Libor flat. b) Fixing: 24/3/94. c) 3-mth Libor -$\frac{1}{16}$%. d) 5¾% fixd in 1st 2 yrs and 6-mth Libor flat, min 5½%, max 7¾%, thereafter. e) Short 1st coupon. f) 3% to 27/6/96 and 3.8% thereafter. Callable on 27/6/96 at par. g) Over interpolated yield. h) 6-mth Libor -0.275%. i) Fixing Friday: conv premium 10%. Coupons and redemption proceeds paid in DM. Callable after 1 yr, subject to 150% rule, at 106% falling ½%pa. Puttable in 4 yrs at BOBL's +80bp.

Mexican bank to raise $150m in global offering

By Sara Webb

Grupo Financiero GBM Atlantico, one of Mexico's regional banks, is hoping to raise up to $150m with a global share offering which is due to be priced today.

GBM-Atlantico is issuing 22m "L" shares, with 45 per cent to be offered to US investors in the form of American Depositary Shares, 30 per cent to international investors in the form of Global Depositary Shares, and 25 per cent issued to domestic investors.

The shares will be priced at close of trade in Mexico today, although some market participants point out that the issue is taking place against a difficult background.

"The Mexican stock market has been relatively weak over the last month, and investors are concerned about the currency and the general political background," said one investment banker.

He added that the kidnapping of a prominent Mexican banker earlier this week has not helped investor sentiment.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.500	08/04	114.7700	+1.380	7.13	7.24	6.30
Belgium		7.250	04/04	101.3700	-0.480	7.05	7.01	6.69
Canada *		8.500	06/04	93.6000	+0.250	7.40	7.30	6.69
Denmark		7.000	12/04	103.2000	+0.100	6.57	6.66	6.31
France	BTAN	8.000	05/98	106.2700	-	5.70	5.70	5.42
	OAT	5.500	04/04	94.9800	-0.220	6.18	6.29	5.94
Germany		6.000	09/03	99.2000	+0.350	6.11	6.26	5.82
Italy		8.500	01/04	98.1500	+0.080	9.10†	9.11	8.62
Japan	No 119	4.800	06/99	105.8270	-0.050	3.49	3.64	3.05
	No 157	4.500	06/03	102.9600	+0.070	4.08	4.04	3.32
Netherlands		5.750	01/04	97.2800	-0.100	6.12	6.15	5.84
Spain		10.500	10/03	111.4000	-0.100	8.69	8.69	8.12
UK Gilts		6.000	08/99	97-07	-21/32	6.63	6.47	5.98
		6.750	11/04	98-24	-36/32	7.24	7.09	6.58
		9.000	10/08	114-05	-49/32	7.40	7.24	6.88
US Treasury *		5.875	02/04	98-04	+11/32	6.41	6.40	5.88
		6.250	08/23	92-14	+17/32	6.85	6.87	6.46
ECU (French Govt)		6.000	04/04	95.8300	-0.040	6.58	6.65	6.18

London closing, *New York mid-day. Yields: Local market standard.
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime

		Treasury Bills and Bond Yields			
		One month	3.25	Two year	4.95
Prime rate	6	Two month	3.56	Three year	5.32
Broker loan rate	5	Three month	3.64	Five year	5.87
Fed.funds	3½	Six month	3.04	10-year	6.42
Fed.funds at intervention	-	One year	4.30	30-year	6.85

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	126.44	126.30	+0.08	126.68	126.12	222,183	68,430
Jun	125.98	125.82	+0.04	126.20	125.66	61,067	126,259
Sep	125.26	125.10	+0.04	125.30	125.00	2,022	12,582

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Apr	Calls Jun	Calls Sep	Puts Apr	Puts Jun	Puts Sep
125	-	1.79	1.75	0.31	1.00	1.70
126	0.48	1.21	1.32	0.71	1.39	-
127	0.15	0.73	0.92	-	-	-
128	-	0.42	0.63	-	2.57	-
129	-	0.20	0.45	-	-	-

Est. vol. total, Calls 24,909 Puts 45,919 . Previous day's open int., Calls 350,854 Puts 282,299.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	97.96	97.68	-0.20	98.05	97.52	166797	209053
Sep	97.70	97.44	-0.22	97.70	97.52	350	4772

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
9750	1.10	1.35	0.82	1.41
9800	0.85	1.12	1.17	1.66
9850	0.64	0.92	1.46	1.96

Est. vol. total, Calls 19302 Puts 29292. Previous day's open int., Calls 241631 Puts 211786

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	101.46	101.41	-0.06	101.61	101.31	83	2709

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	112.40	111.92	-0.48	113.05	111.70	60291	98527
Sep		111.42	-0.48			0	6

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
11150	2.69	3.18	2.27	3.26
11200	2.42	2.94	2.50	3.52
11250	2.18	2.72	2.78	3.80

Est. vol. total, Calls 2584 Puts 2138. Previous day's open int., Calls 65086 Puts 53300

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	-	100.78	-	-	-	-	-
Jun	101.50	101.31	-0.15	101.95	101.25	60,416	98,509

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	112-31	111-24	-1-06	113-01	111-18	320	11977
Jun	111-30	110-24	-1-08	112-18	110-05	115045	138258
Sep		109-28	-1-11			0	107

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
110	2-13	2-35	1-29	2-43
111	1-43	2-08	1-59	3-14
112	1-15	1-45	2-31	3-53

Est. vol. total, Calls 5719 Puts 4036. Previous day's open int., Calls 73309 Puts 55136

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	118.80	118.38	+0.08	118.60	118.10	2,322	8,060
Jun	92.20	91.96	-	92.25	91.70	1,592	2,830

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	110-06	110-09	+0-08	110-19	110-02	21,458	50,190
Jun	109-05	109-08	+0-08	109-17	109-00	551,247	357,820
Sep	108-10	108-11	+0-10	108-19	108-05	1,308	39,750

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	110.35			110.57	110.32	1318	0

* LIFFE contracts traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Wed Mar 16	Day's change %	Tue Mar 15	Accrued interest	xd adj. ytd		Low coupon yield Mar 16	Mar 15	Yr. ago	Medium coupon yield Mar 16	Mar 15	Yr. ago	High coupon yield Mar 16	Mar 15	Yr. ago
1 Up to 5 years (23)	126.81	-0.26	127.14	2.11	2.07	5 yrs	6.64	6.49	6.55	6.84	6.71	6.82	6.98	6.81	7.00
2 5-15 years (24)	151.95	-1.00	153.49	1.68	3.50	15 yrs	7.31	7.18	7.84	7.42	7.25	8.17	7.66	7.52	8.36
3 Over 15 years (9)	171.81	-1.53	174.47	0.95	3.53	20 yrs	7.42	7.30	7.92	7.44	7.27	8.34	7.67	7.53	8.46
4 Irredeemables (6)	201.30	-0.43	202.17	2.79	1.47	Irred.†	7.52	7.48	8.42						
5 All stocks (62)	148.09	-0.87	149.38	1.73	3.00										

Index-linked							Inflation 5% Mar 16	Mar 15	Yr. ago	Inflation 10% Mar 16	Mar 15	Yr. ago
6 Up to 5 years (2)	187.98	-0.13	188.23	0.87	1.41	Up to 5 yrs	2.63	2.59	2.03	1.79	1.74	1.23
7 Over 5 years (11)	182.39	-0.85	183.95	0.53	1.29	Over 5 yrs	3.28	3.22	3.41	3.12	3.05	3.24
8 All stocks (13)	182.07	-0.77	183.49	0.56	1.29							

Debentures and Loans						5 year yield Mar 16	Mar 15	Yr. ago	15 year yield Mar 16	Mar 15	Yr. ago	25 year yield Mar 16	Mar 15	Yr. ago
9 Debs & Loans (73)	145.18	-0.49	145.90	2.18	2.88	8.35	8.15	8.47	8.46	8.38	9.25	8.51	8.48	9.49

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Mar 16	Mar 15	Mar 14	Mar 11	Mar 10	Yr ago	High*	Low*
Govt. Secs. (UK)	99.94	100.50	100.09	100.01	101.07	97.34	107.60	93.28
Fixed Interest	121.57	121.20	121.68	122.57	122.82	112.90	133.87	108.87

* for 1993/94. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Mar 15	Mar 14	Mar 11	Mar 10	Mar 9
Gilt Edged bargains	100.8	107.2	88.1	87.0	90.0
5-day average	94.6	94.0	98.2	103.9	113.8

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on March 16

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	95⅞	96⅛	+⅛	7.12
AlbertaProvince 9⅜ 95	600	106⅛	106½		5.27
United Kingdom 7¼ 97	5500	104⅝	104⅞	+⅛	5.86
Volkswagen Intl Fin 7 00	1000	100⅝	101¼	+¼	6.90
World Bank 0 15	2000	27⅜	27⅝		6.13
Alliance Leics 11⅞ 97 £	100	112⅝	113	-⅛	6.77
British Gas 12¼ 95 £	300	106¼	106½	-⅛	5.48
British Land 8⅞ 23 £	150	95½	96	-1⅜	9.54
[illegible]					

STRAIGHT BONDS: [illegible] FLOATING RATE NOTES: [illegible] CONVERTIBLE BONDS: [illegible]

UK GILTS PRICES

[illegible]

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

Marley in the red after goodwill write-back

By Andrew Taylor, Construction Correspondent

Marley, the buildings material group, enjoyed a 55 per cent rise in operating profits to £41.5m in 1993 but the write-back of goodwill, intereat charges and a small loss on a disposal left it with a loss of £1.1m pre-tax.

The results were slightly lower than some analysts had expected following the big profits rise announced on Tuesday by rival building products group Wolseley, and Marley's shares fell 10p to 195p.

Following the disposal last year of its Nottingham and Errol Brick subsidiaries in an asset swap with Tarmac, Marley had to charge against its 1993 profits £32.8m of goodwill previously written off against reserves.

Pre-tax profits for 1992 were £4.6m after a £3.5m loss on a disposal.

Turnover rose from £561m to £622m. Net interest payable amounted to £11.1m against £9m.

Losses per share were 4.4p (0.5p). Excluding losses on disposals and the goodwill write-back, earnings per share were 7.3p (0.7p). A final dividend of 2.1p is proposed, maintaining the total at 4.2p.

Operating profits in the UK, benefiting from cost savings in previous years, amounted to £12.3m (£300,000 loss). Overseas profits, with gains in the US, continental Europe, Africa and Australasia, increased from £27.1m to £29.2m.

The main engines for growth were the housing market recoveries in the UK and US and the continuing strong demand for homes in Germany. Vnlume sales of tiles, concrete blocks and bricks rose sharply on both sides of the Atlantic although price competition has remained intense.

Since December the group has raised prices of clay and concrete products by between 5 and 7 per cent.

About 60 per cent of turnover now comes from higher margin plastic products for the building and automotive industries.

Ashley Ashwood

David Trapnell, chief executive: improvement in housing markets

● **COMMENT**

Some £30m was taken out of costs by Marley during 1991 and 1992 and the company is now reaping the benefits as its main markets start to recover. Price rises could add another £5m to profits even if volumes atand still. Clay and concrete sales in the UK rose by about 5 per cent in the first 10 weeks of this year. The recovery in the US, meanwhile, continues to run ahead of that in the UK. Political developmants in South Africa, which accounts for about 10 per cent of profits, however, could cause a problem. Profits this year could reach £45m, putting the group on a prospective p/e of more than 18, which suggests that its virtues are well known and already in the share price.

GrandMet and Brent Walker off to court

By Maggie Urry

Grand Metropolitan is taking Brent Walker and William Hill to court in an attempt to clarify an aspect of the September 1989 agreement between them, under which GrandMet sold its betting shops business for £685m.

The legal proceedings look set to regenerate a bitter dispute between the two companies over the deal. The purchase of William Hill and Mecca Bookmakers from GrandMet, and the debt taken on to effect it, proved the final straw for Brent Walker, the leisure and property group, which was already overburdened with borrowings.

A year after the purchase went through, Brent Walker was tipped into the financial crisis from which it has never recovered. Brent Walker has been attempting to reclaim £200m of the purchase price from GrandMet since 1990, saying that profits of the business were not up to the promised level.

Brent Walker, which finalised a financial restructuring in March 1992 but has since met further problems, only refinanced the £375m William Hill loan at the beginning of this month. The timing of GrandMet's move suggests it was waiting for the refinancing before proceeding.

The disagreement between the two companies over the purchase price had gone to independent arbitration, but as yet no conclusion has been reached.

In its statement Brent Walker said GrandMet was "seeking rectification nf certain clauses of the agreement". These are thought not to relate to more than half the value of Brent Walker's claim.

GrandMet said that nriginally both sides had interpreted one aspect of the agreement the same way. However, in the last 18 months or so, it asserted, Brent Walker had changed its interpretation of the agreement. GrandMet said it was going to court so the question of bow to interpret the clauses could be settled by a judge.

Brent Walker never paid the final £50m instalment due to GrandMet in September 1990. GrandMet sued Brent Walker for the payment and the court ordered Brent Walker to pay. However, the amount due is still rolling up interest and GrandMet has not received it.

Domnick Hunter priced at £65m following share placing

By Andrew Bolger

Sbares in Domnick Hunter Group, which makes filters for compressed air and liquids, havs been placed with institutions at 200p, valuing the group at £65.2m.

The shares were aggressively priced at 21.5 times historic earnings, reflecting the high level of interest shown in the company during its presentations.

Analysts said the north-east of England group was one of the best to be floated in the past year.

The value of the placing was £20.9m, with 32.1 per cent of the enlarged ordinary share capital being placed. Net proceeds receivable hy the company will be £15.3m.

Mr Brian Thompson, executive chairman, said: "We are delighted with the level of interest that institutions have shown and we are looking forward to an exciting future as a quoted company."

The group, which employs 554 people and exports more than 60 per cent of its sales to more than 40 countries, claims to be a world leader in high-efficiency compressed air filtration. Its filters can purify air to one million times cleaner than tha air we breathe.

About 75 per cent nf the group's sales last year were in industrial products, used tn purify and dry compressed air and gases. Activities are split between the group headquarters at Birtley and a factory at Team Valley, both in Tyne and Wear.

The prospectus was published yesterday and dealings in the shares are expected to begin on Tuesday, March 29. The flotation is being sponsored by Granville and Company, with NatWest Wood Mackenzie acting as brokers to the issue.

The notional net dividend per share for the year to December 31 was 4.25p, giving a notional gross dividend yield of 2.7 per cent.

Westland order prospects under fire

By Tim Burt

GKN yesterday accused Westland, tha helicopter manufacturer, of inflating its order prospects in an attempt to fight off a £497m hostile takeover bid by the engineering and industrial services group.

Sir David Lees, GKN chairman, claimed the Yeovil-based manufacturer was trying to win shareholder support hy laying claim to future sales which could prove illusory.

In what he admitted was a more robust approach to the takeover, Sir David described Westland's firm order book as "unremarkable and unexciting".

Writing to the group's shareholders, he warned: "Prospects in the past have failed repeatedly to turn into orders."

Ha cited unfulfilled hopes for previous helicopters, such as the Westland W30 and Black Hawk, as examples of the group's "uncertain business judgment".

Westland has so far rejected GKN's offer of 290p per ordinary share, claiming it undervalues its £1.4bn order book and the potential of its flagship helicopter – the EH101.

Mr Alan Jones, Westland chairman, said the company's share price – unchanged yesterday at 326p – reflected market sentiment about the offer.

"GKN's tone has turned arrogant. Why should my shareholders kow-tow to his protestations that 290p is a good offer?"

Sir David, however, claimed the price increase had been driven by bid speculation rather than the underlying value of the helicopter business.

"Until speculation started at the end of November, the Westland share price traded in a range of between 210p and 250p. This is consistent with GKN's view of Westland's value as a atand-alone business."

GKN, which has promised logistical, marketing and financial support for the helicopter group, aaid Mr Jones had refused to meet Sir David to discuss the offer. "A meeting would not have resolved anything unless there was a substantially increased offer on the table," according to the Westland chairman.

Both companies have now begun courting institutional investors in an effort to win their support.

They are expected to concentrate on M&G and Schroders, which control a combined 9.5 per cent in GKN and more than 25 per cent of Westland.

Oxford Molecular £30m flotation

By David Wighton

Oxford Molecular, the first company to be spun out from Oxford University, is planning a £30m flotation next month which will value the university's stake at about £3m.

The company was formed in 1989 to commarcialise computer software for use in drug design developed at Oxford and nther academic laboratories around the world.

Although it recorded a loss nf £1.2m on revenues of only £1.4m last year the company is keen to distance itself from other "blue sky" flotstions, particularly those in the hiotechnology sector.

Mr Martin Robinson, of Henry Cooka Lumsden, the company's stockbrokers said: "Oxford Molecular is not asking for money to develop technology but to expand and market technology that is tried, tested and already selling."

He compared the company to Tadpole Technology and Division, the successful flotations of which the broker also handled.

Rather than invest heavily in development itself Oxford Molecular takes software written by academics, to whom it pays royalties, which it turns into a commercial product. Mr Tony Marchington, deputy chairman, said this approach was one of its strengths.

"Our main US rivals hava taken one product from a university which they add to in-house. Wa get a continuous transfer from 30 academic teams around the world." He said the relationships with these acadamics represent a "high barrier to entry".

The market for "computational" chemistry software is currently worth about $200m (£140m) and is growing at an estimated 25 per cent a year.

Most is used hy computer experts but Mr Marchington argnes that the software will soon find its way onto the desk-top computers of chemists without specialist compnter knowledge. "Then the market will grow by an order of magnitude."

Customers include Pfizer, Glaxo, SmithKline Beecham and British Bio-technology.

All the £10m to be raised from the flotation will go to the company with the existing shareholders barred from selling for two years.

The company was co-founded by Mr Marchington, 38, who worked for ICI after completing his doctorate at Oxford, and Mr Graham Richards, 54, a reader in computational chemistry. Mr Timothy Cooke, who spent 20 years with software house Logica, has jnined as chief operating officer.

Amstrad in computer printer venture

By Paul Taylor

Amstrad, the consumer electronics group headed by Mr Alan Sugar, is re-entering the mainstream computer printer market through a collaborative agreement with Jarfalla ICC, the Swedish computer printer manufacturer that until last week was 100 per cent-owned by IBM.

Prototypes of the first jointly developed product, a compact ink jet printer using a new type of print head, were being shown at the CEBit European compnter fair which opened in Hanover yesterday.

Mr Malcolm Miller, Amstrad's group managing director, said, "Ws have been looking for opportunities to increase the price competitiveneas and technological performance of our computers and computer related products.

"I believe this collaboration may lead us back into the printer market, a sector we put on the back burner some time ago, awaiting such an opportunity."

Amstrad engineers have designed the printer cabinet, carriage assembly and the electronics which drive the new printer while Jarfalla has designed the shuttle assembly including the critical print head.

Mr Miller said the new printer, which is due to begin shipping this summer, will be sold both as an Amstrad badged product and available for OEM manufacture.

Jarfalla, which has annual sales of about £100m and has been making printers for almost 25 years, was IBM's biggest printer manufacturing facility.

As part of IBM's retrenchment last year, it was one of four European IBM plants which were set up as "independent business units" run by their local managements and warned that if they did not make a profit within 12 months they would close.

The company is now jointly owned by IBM Svenska, which has a 35 per cent stake, and Atle Forvaltnings, a Swedish venture capital group.

In recent weeks Amstrad has made a flurry of product announcements including a new range of highly competitive personal computers built around Intel's 80486 microprocessors, new facsimile machines and advanced feature telephones.

Yesterday Mr Sugar and Mr Bordan Tkachuk, Amstrad's sales and marketing director, underlined the group's renewed commitment to the "brown goods" sector hy unveiling new ranges of andio, VCR, and satellite products.

Cortecs Intl seeking £15m in flotation

By Daniel Green

Cortecs International, the pharmaceuticals company, is planning to raise about £15m through a flotation on the London Stock Exchange next month.

The company, incorporated in Australia but with research, development, manufacturing and sales in the UK, already has an Australian listing. The shares closed there yesterday at A$1.05, barely changed nn the day, representing a market capitalisation of about A$80m (£39.4m).

The shares will be issued at the equivaleot of not less than A$1.05, said Henry Cooka Lumsden, tbe Manchester-based stockbroker which is handling tbe flotation.

Cortecs has three strands to its business.

- research into drug delivery systems, such as capsules for swallowing.
- manufacture and marketing of medications. In one of its businesses, these two activities are combined: it imports the arthritis drug Diclomax into the UK in bulk and puts it into capsules.
- developing diagnostic equipment.

Henry Cooke Lumsden said it hoped to issue a pathfinder prospectus at the end of next week and complete a placing by mid-April.

The health of such companies is partially measured by their cash balances and rate at which they consume capital. The company's 1993 report and accounts shows cash of A$998,000, compared with $A6.54m a year earlier.

Tarmac plans $100m US efficiency drive

By Andrew Taylor, Construction Correspondent

Tarmac, the construction group, yesterday announced plans fnr a $100m (£68.4m) investment and reorganisation of its US businesses which it estimates could reduce the division's overheads by a fifth.

It forms part of a group-wide efficiency drive launched by Mr Nevilla Simms, chief executive, who has already substantially reduced costs in the UK housing division.

The three year programme will include a $20m investment to overhaul the group's Pennsuco quarry near Miami. Tbe company will also be improving its fleet of ready-mix concrete lorries.

In addition Tarmac is reorganising its US management which previously had operated as separate regions into three product based hnsinesses: aggregates and cement, ready-mix concrete and concrete products.

Construction activity, particularly housebuilding, has been recovering in the US, although building activity in the first few months of this year has been restricted by bad winter weether.

Nonetheless, building material companies are expecting to see further recovery in earnings during 1994.

British Mohair blames decline on yarn side

British Mohair Holdings, the Bradford-based yarn and specialised engineering products maker, reported a fall in pre-tax profits from £2.1m to £1.47m for the year to December 31.

The reduction was largely because of a decline in demand for yarn in the second half, the company said, although the non-textile companies marginally increased profits. However, early indications of demand for mohair yarns showed some improvement and raw material prices had risen.

Turnover was little changed at £39.3m (£39.2m).

A maintained final dividend of 7.1p is proposed to hold the total at 8.5p, uncovered by earnings of 7.39p (10.8p).

Institutions take 65% share interest in CSC

By Simon Davies

Robert Fleming has placed 59.2m shares, or 65 per cent, of the £209m Capital Shopping Centres share offer. The remaining 31.8m shares are being offered to the public.

The full prospectus for the flotation was published yesterday showing the shares are being offered at 230p, a 13 per cent premium to net asset value.

CSC, the retail property arm of TransAtlantic, the insurance and property group, will be the sixth largeat property company on the stock market, with a value of £851m.

Robert Fleming, the lead sponsor to the flotation, has an over-allotment option, whereby it can increase the 91m share offer by up to 9m new shares. Its decision will depend upon the level of demand.

Pan Atlas in black

Pan Atlas Holdings, the travel company, returned to the black with pre-tax profits of £57,114 for the year ended September 30 1993, against £133,666 losses. Turnover increaaed from £4.51m to £4.68m.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
British Mohair	fin	7.1	May 23	7.1	8.5	8.5
Britton	fin	0.09†	May 24	-	0.15	0.03
Broadcastle §	fin	0.75	-	nil	1	nil
Chieftain §	fin	2	Apr 24	3	3.5	5.1
Church & Co	fin	10	May 9	9.5	13	12.5
Coats Viyella	fin	4.75	May 17	4.25	8	7.25
EFT	fin	1.04†	May 3	0.9	1.5	1.3
Exmoor Dual Inv	int	2.25‡	May 31	2.8	-	10.55
F&C High Income	int	1.2	Apr 29	1.2	-	2.82
Independent Ins	fin	4.75	May 31	-	8.25	-
Lambert Howarth	fin	9.25	May 19	8.75	13.75	13
Marley	fin	2.1	June 8	2.1	4.2	4.2
Murray European	fin	0.28	May 26	0.18	0.28	0.18
Nichols (JN)	fin	3.8	May 18	3.4§§	5.76	5.44§§
Rea Bros	fin	0.45	May 8	0.25	0.75	0.5
Schroders	fin	12.5	May 6	8*	16.5	11*
Spandex §	fin	4.8	July 15	4.6	7	6.5
WSP	fin	0.9†	May 8	0.9	1.8	2

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. *Adjusted for scrip issue. ‡Second interim making 4.5p (5.1p) to date. §§Adjusted for subdivision of shares.

COMPANY NEWS: UK

Outcome depressed by restructuring charges and higher interest costs

ICL shows 40% fall to £23.4m

By Alan Cane

Restructuring charges, higher interest payments and weak markets depressed 1993 pre-tax profits at ICL, the UK-based computer company owned by Fujitsu of Japan.

However, Mr Peter Bonfield, chairman and chief executive, said ICL had achieved its objectives: to improve revenues, reduce overheads, remain profitable and conserve cash.

After deducting restructuring charges of £47.7m (£33.9m) and net interest costs of £25.2m (£22m), pre-tax profits for the year to end-December fell by 40 per cent from £38.6m to £23.4m.

Turnover improved 6 per cent from £2.48bn to £2.62bn, and after a higher tax charge of £18m (£10.4m) and minority interests of £4.8m (£1.9m) retained earnings were £600,000 (£26.3m).

Year-end net debt was reduced to £51m (£94.2m), giving gearing of 18 per cent. ICL raised £50m from Fujitsu last year through a rights issue with the guarantee of a further £50m this year.

Mr Bonfield said the company had spent more than £1bn on acquisitions, joint ventures, research and development and rationalisation over the past three years.

Last year it spent £209m on research and development. It aims to work more closely with Fujitsu on advanced projects to share costs. In particular, ICL is working on a joint multimedia venture which the Japanese company is funding.

ICL has undergone substantial reorganisation in the past three years. The company now derives more revenues from computing services than from hardware manufacture. Mainframe sales account for less than 10 per cent of revenues.

The company has been split up into 26 semi-autonomous business units to achieve a better market focus while controlling costs. The business units demonstrate a diversity of growth and profitability.

Revenues at CFM Group, ICL's facilities management operation, grew by 77 per cent last year, while sales in the retail systems unit grew by 17 per cent.

Pressure on costs and staff numbers had been maintained, Mr Bonfield said. Overheads had been reduced by about £100m last year while staff numbers, currently about 25,000, were being reduced by an average of 5 per cent a year.

Plans to float up to 49 per cent of the company on the London Stock Exchange are still in place, but await improved economic conditions.

Mr Bonfield said he saw no improvement in the market, but that 1994 would see the completion of restructuring measures and the elimination of much of the company's debt, giving the possibility of improved profits in 1995.

Independent Insurance at £15.9m

By Richard Lapper

A turnround in underwriting results in the UK pulled Independent Insurance, the small general insurance company floated on the stock market last year, firmly back into the black in 1993.

Pre-tax profits amounted to £15.9m (£3.72m) including realised gains of £5.6m (£3.7m).

Underwriting profits of £2m compared with losses of £7m in 1992. Further losses on stop loss policies underwritten for Lloyd's Names in 1989 and 1990 amounted to £5.2m (£8.5m) and held back what would have been even stronger profit growth.

Overall gross written premiums increased by 52 per cent to £215.7m (£141.8m). Investment income increased to £8.3m (£7m). Its share of profits of associated undertakings was £16,000, against losses of £19,000.

Earnings per share improved to 35.2p (10.9p) and, as forecast, a final dividend of 4.75p is proposed, making a total of 8.25p (7p), an increase of 18 per cent.

● **COMMENT**

The markets responded positively to yesterday's result, marking the shares up 5p to 295p. Independent's focused underwriting approach means it is well placed to continue profit growth this year, despite indications of a return of some rate competition in the UK market. The group's premiums from personal motor – where price pressure will be strongest – amounts to only about 17 per cent of its total premium income. Moreover, Independent has begun to specialise in non-standard risks such as "classic" cars, which should be less affected by competition. Its emphasis on risk control and surveying allows it to record better results on commercial business than the market average and it appears that the worst of the Lloyd's stop loss problems, which have dampened profitability in the last two years, are over. 1994 profits of about £20m (before capital gains) look well within reach, putting the shares on an attractive multiple going forward of about 9. Investors should bear in mind, however, that the shares are now trading at a premium to net asset value of more than 40 per cent while the historic yield of 3.5 is at a substantial discount to the rest of the sector.

Lambert Howarth hit by reorganisation

After providing for the cost of a reorganisation, Lambert Howarth Group, the footwear supplier, reported pre-tax profits halved from £2.99m to £1.42m in the year to end-December.

The outcome was achieved on turnover up by 10 per cent from £56.6m to £62.6m, of which £4.3m related to Tecnic Shoes, acquired at the end of last year.

The pre-tax outcome was struck after providing £706,000 for reorganisation, while last year's results benefited from a £363,000 one-off profit on realisation of fixed assets.

A fall in net investment and interest income from £377,000 to £25,000 this time also impacted on the result.

After a tax credit of £72,000 (£713,000 charge) earnings per share came out at 24.9p (39.2p). Despite the downturn an improved final dividend of 9.25p (8.75p) is proposed, making 13.75p (13p) for the year.

The benefits of the restructuring were not expected to come through quickly, the company said, but by the second half there should be some firm evidence of improvement.

Telspec ahead of forecast with £3.4m

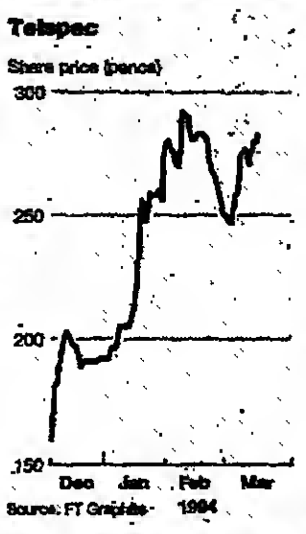
By Paul Taylor

Telspec, the Kent-based manufacturer of advanced electronic telecommunications equipment, yesterday reported higher-than-expected pre-tax profits of £3.41m for 1993.

The figure, which compared with £3.36m for 1992 and a forecast of not less than £3.2m set out in the flotation prospectus, reflected strong growth for the company's products in the UK.

As expected, earnings per share emerged at 8.28p (7.13p). There is no dividend, although the group has indicated its intention to pay an interim dividend for the six months to end-June.

Telspec's shares, which were placed with institutional investors at 160p in December, closed 3p higher at 283p yesterday valuing the group at £88.8m.



Source: FT Graphite

A decline in turnover to £17.6m (£18.2m) reflected the anticipated fall in sales by the group's Telspec Australia subsidiary to Telecom Australia. Telspec expected the economic recovery in Australia to lead to higher order levels this year.

In December the group won a £7m contract to supply equipment to Deutsche Telekom. It has also entered into a joint venture agreement to manufacture its products in Slovakia and has won an initial £3.5m order from Slovak Telecom.

Since flotation Telspec has significantly expanded its marketing efforts resulting in an expanded order book of £31m.

However, the group cautioned that the market for its products remained competitive and that this was likely to lead to some pressure on margins in some product areas.

Pre-tax profits for 1993 were boosted by net interest receipts of £44,000, against previous net interest costs of £109,000, and by £199,000 (£95,000) in government grants.

Commenting on the results Mr Frank Hackett-Jones, chairman, said the successful flotation in December had marked a significant milestone, "setting the stage for strong growth in years to come.

"Our international customer base has been successfully expanded and overall demand for Telspec's products has risen to record levels," he said.

More acquisitions for Coats

Mr Neville Bain, (left) chief executive of Coats Viyella, Europe's largest textiles company, and Sir David Alliance, chairman, have set their sights on more acquisitions this year, writes Daniel Green.

New companies made a strong contribution to Coats' annual results published yesterday. The company has brought gearing down to 31 per cent, the level it was three years ago before it took over Tootal, the thread maker, in a £252m hostile bid.

"The acquisitions are likely to be under £50m each", said Mr Bain, adding that a figure as high as £100m was possible.

Target businesses are likely to be in the company's biggest areas of business: thread, clothing, homewares and precision engineering outside the UK.

The company also announced yesterday the $12.5m (£8.5m) purchase of a US precision plastics company, Precision Engineering of Minneapolis, Minnesota.

Premier Oil slips by 33%

By Robert Corzine

Premier Consolidated Oilfields, independent exploration and production company, yesterday reported a 33 per cent fall in 1993 net profits to £10.1m, as planned maintenance programmes eroded production and low oil prices took their toll of revenues.

Turnover at £45.9m was 18 per cent lower. Earnings per share fell to 1.84p from 2.76p.

The impact of a 21-day maintenance shutdown at the onshore Wytch Farm field and the decommissioning of the Angus offshore field was reflected in last year's average production figure, which slipped to about 12,000 barrels a day of oil equivalent (including natural gas) from 13,888 b/d last time. But Mr Charles Jamieson, chief executive, said current production had recovered to 1992 levels and was set to rise to 20,000 b/d within two years.

Cash balances stood at £47.2m at year end, with debt of $120m. Gearing was 50 per cent.

The removal by the government last year of petroleum revenue tax relief on exploration and appraisal drilling was reflected in an £8.8m one-off exceptional charge. The amount relates to deferred PRT in prior years.

Mr Roland Shaw, chairman, said that aside from the exceptional charge, the loss of tax relief on exploration expenditure had been "offset to some extent by the lower PRT rate".

Analysts said the exceptional charge was the only surprise in the results, which were otherwise in line with expectations.

Additional appraisal of finds enabled the company to boost its estimate of proven reserves by 15 per cent.

Mr Jamieson said the low oil price environment had caused the company to focus on projects which could lead to an early payback. He said 75 per cent of the company's effort would be aimed at projects which could enhance short to medium term cash flow, with 25 per cent reserved for longer term exploration activity.

● **COMMENT**

Cuba, Cambodia and Myanmar are just a few of the exotic though difficult locations which have appealed to Premier's explorers So far the strategy of going into difficult countries has worked well. Premier gets good terms and large stakes. If finds are made some of the stake is farmed out topay for development, leaving the company with a good chunk of the consequent production. But if oil prices linger at low levels it can only extend the strategy if the majors which operate many of its producing fields can continue to make significant cuts in their costs.

Cliveden chief buys Principal Hotels chain from receiver

By Ian Hamilton Fazey, Northern Correspondent

Principal Hotels, which went into receivership two years ago with debts of £100m, has been taken over in a £65m deal led by Mr John Lewis, chairman of Cliveden, the former stately home that is now a luxury hotel.

Principal, based in Leeds, has 22 hotels, mainly of three-star standard, with two in both Denmark and the Netherlands. The chain includes the Norbreck Castle in Blackpool, the Royal in York, and the Imperial in Harrogate.

It has been run successfully by its management under Mr Edward Klempka, corporate recovery partner of Coopers & Lybrand in Leeds, the receiver, making £6m profit in 1992 and £7.5m last year.

Mr Lewis, who will be keeping his prestigious Cliveden operation entirely separate, won a tight contest against a consortium led by Legal & General and Mr Michael Purtill, Principal's managing director.

Mr Purtill will leave the group, but the rest of the management team will continue under Mr Lewis, and will get some equity participation.

The price paid for Principal is not being disclosed, but is believed to be close to £60m, with the remainder of the £65m being raised for working capital.

About £31m of the total finance is equity, provided by NatWest Ventures, the leader of the deal, Granville Development Capital, Prudential Ventures, Bankers Trust and Royal Bank Development Capital.

The loan finance is being provided by Morgan Grenfell and the Bank of Scotland, but it is believed that Barclays Bank may also participate.

Blenheim Capital Ventures, a new financial services group set up by former Bank of Tokyo and Hill Samuel staff, facilitated the deal and brought together the equity partners.

Mr Lewis takes on all liabilities incurred by the receiver during the two-year administration, but the deal excludes any pre-receivership debt.

NEWS DIGEST

Specialeyes deficit reduced

Specialeyes, the USM-traded retail optician, incurred a pre-tax loss of £481,000 for the 12 months ended November 27 on a turnover from continuing activities of £20.54m.

The figures compared with £2.27m and £25.94m respectively for the 78 weeks to November 28 1992.

The second half, normally the stronger period, was seriously affected by a downturn in sales in the run up to the Chancellor's autumn Budget.

However, for the opening 14 weeks of the current year sales were ahead of budget. A "clear programme" for the next stage of recovery in 1994 was also in hand.

Losses per share for the year emerged at 3.11p (14.16p for the 78 weeks).

WSP Group

Pre-tax profits of WSP Group, the consulting engineer which merged with ABC Consulting last October, halved from £560,000 to £262,000 in the 12 months to December 31.

Mr Peter Welch, chairman, said that considering the recession in the property and construction industry and the additional work required as a result of the merger the results compared favourably with the sector as a whole.

Turnover moved ahead to £11.5m (£10m) with continuing operations at £9.43m. Earnings per share halved to 1.9p (3.8p) and the proposed final dividend is maintained at 0.9p for a 1.8p (2p) total.

Broadcastle

Broadcastle, the USM-quoted financial services group, nearly doubled pre-tax profits from £276,000 to £507,000 in 1993.

The improvement was because of a fall in interest payable to £781,000 (£1.08m), lower administrative expenses of £787,000 (£1.03m) and a reduction in the provision for bad and doubtful debts to £383,000 (£436,000).

Net income amounted to £1.68m (£1.76m). Earnings per share rose from 1.17p to 2.2p and the group, which returned to the dividend list at the interim stage, is proposing a final of 0.75p for a 1p total.

Murray European

Murray European Investment Trust, managed by Murray Johnstone, lifted net asset value by 39.4 per cent to 64.5p over the year to December 31.

Net revenue amounted to £151,000 (£69,000) and earnings per share were 0.5p (0.23p). The dividend is raised from 0.16p to 0.28p.

Wescol Group

Wescol Group, the USM-quoted steel products company, reported pre-tax profits up from £13,000 to £30,000 for the six months to January 31 helped by a £40,000 fall in interest charges to £164,000.

Turnover for this Halifax-based company was static at £8.15m (£8.18m). Earnings per share were unchanged at 0.1p.

EFM Dragon Trust

Net asset value per share of EFM Dragon Trust stood at 124.17p at end-February, an improvement of 45 per cent over the 85.44p standing at August 31 1993.

The available deficit for the half year to February 28 amounted to £215,000 (£17,000), equal to losses per 20p share of 0.082p (0.024p).

EFT Group

EFT Group, the asset finance company, reported record pre-tax profits of £2.03m for 1993, up 40 per cent on the comparable £1.45m. Revenue was up from £7.4m to £7.65m, of which £312,000 was from acquisitions.

Mr Ted Black, managing director, said the company had experienced an excellent start to the present year with strong demand.

Earnings per share rose to 4.01p (3.01p), the third successive year growth had been above 30 per cent. A final dividend of 1.04p is recommended for a 1.5p (1.3p) total.

Merivale Moore

Merivale Moore swung back into the black in the half year to end-December as the property company reported signs of a "fairly significant improvement in the residential and commercial property markets".

On sales and rents down from a restated £13.4m to £8.2m, the company returned pre-tax profits of £133,000 for the period, against a deficit of £2.68m last time.

The outcome was boosted by a fall in interest charges from £3.64m to £1.78m and reduced administrative expenses of £583,000 (£719,000).

After a £44,000 tax bill (£247,000 credit) earnings per share worked through at 0.65p (17.83p losses).

The board expects to announce a dividend with the full year results.

COMPANY NEWS: UK

Rea Brothers more than doubled to £2m

By Simon Davies

Rea Brothers, the private banking group, announced pre-tax profits more than doubled from £805,000 to £2.05m in 1993, helped by a turnround from its fund management operations.

Net interest income fell marginally to £3.98m (£4.2m) because of lower interest rates and the company's consarvative lending policy. Customer accounts grew to £239m (£238m), while loans and advances to customers fell by £2m to £27m.

Fee income, howevar, incraased hy 35 per cent to £9.44m, boosting overall operating income to £14.1m, compared with £11.7m. The company's corporate finance and trust administration businesses, both had record years.

Rea Brothers' fund management operation, however, was the main source of growth. Mr Roger Parsons, managing director, said the company had increased funds under management more than threefold in the past three and a half years.

The fund management husiness made a pre-tax contribution of £647,000 compared with a small loss in 1992, with funds increasing by 22 per cent during the year.

Rea Brothers made a £300,000 provision for legal costs related to proceedings against the company over a now defunct pension scheme.

Tha directors have recommended a final dividend of 0.45p, making a total of 0.75p, a 50 per cent increase.

Earnings per share increased mora substantially to 4.05p (0.82p) because of a marginal fall in tax payments.

Chieftain incurs £285,000 deficit

In line with its forecast at the interim stage, Chieftain, the USM-quoted specialist insulation and fireproofing company, finished the year to end-December in the red.

The pre-tax loss of £285,000 compared with a profit of £396,000 last time, but represents a small improvement on the loss of £481,000 reported at the interim stage.

The first-half result had been hit by a £995,000 exceptional charge for two branch closures and provisions for the full effect of the receivership of Swan Hunter, one of its main clients.

Mr Peter Wardle, chairman, said that in common with most other companies in the building and construction sectors, Chieftain had suffered from the severe and prolonged recession.

Turnover for the year fell from £14.9m to £12.6m, however, at the trading level, profits were slightly up at £623,000 (£613,000).

Losses per share emerged at 3.33p (4.36p earnings) and the final dividend is reduced by 1p to 2p, making 3.5p (5.1p) for the year.

Despite the difficulties during the period, the group ended the year with no borrowings, a cash balance of about £1m and a firm order book of £7m, Mr Wardle said.

Since the year end the acquisition of Blackett Charlton had been concluded at a purchase price of £25,000, he added.

JN Nichols recovers in second half to £8.65m

By Nigel Clark

Pre-tax profits for JN Nichols (Vimto), the soft drinks company, improved slightly from £8.54m to £8.65m in the year to December 31.

The result marked a recovery in the second half following a fall from £3.53m to £3.4m at the interim stage.

There were improvements for the core Vimto fruit and herb drink, particularly overseas, and the foods offshoot, which made up for falls in the canning operations.

Mr John Nichols, managing director, said that the first half of the year, which had been affected hy a poor May and June, was always more dependent on the weather than the second.

He added that it was too soon to say how the present year would turn out but he thought the market for Vimto was growing on the back of the expanding cola market. "And there will always be a niche for Vimto."

Turnover for the year improved hy £2.5m to £49.5m for increased operating profit of £7.93m (£7.48m). Earnings per share came out at 14.98p (14.16p) and a proposed increased final dividend of 3.6p makes a total for the year of 5.76p (5.44p).

The Manchester-based company ia concentrating on expanding its overseas markets and food activities.

The launch on the Russian market was going well with the export of canned Vimto expected to be replaced in the near future by local production based on concentrate from the UK.

The foods side now provided £15m of group turnover and was about to move into a purpose-built factory.

Mr Nichols said the contract canning activities were dependent on the weather but as the operation switched from contract work to Vimto that was becoming a less of a factor.

Gelpack and Taco help with turnround

Britton £2.7m in black

By Maggie Urry

Britton Group, the packaging company created from the shell of Firstland Oil and Gas, reported pre-tax profits of £2.73m in 1993.

The figures included a full year from Gelpack, acquired in October 1992 and five months from Taco, bought last August for £36.7m funded by a rights issue and placing.

In 1992 the group recorded a loss of £2.32m, of which £2.1m was the disposal loss on the oil and gas interests.

Group turnover was £26.8m, with £13.3m coming from Gelpack and £13.5m from Taco. Operating profits were £2.96m, with £1.96m contributed by the higher margin Taco business. Interest charges were £226,000.

Mr Robin Williams, chief executive, said the group's strategy was to develop a packaging group with two or three divisions in fragmented sectors of the industry. With two acquisitions Britton was already the second largest UK polythene extruder.

Adding another division would require further external funding.

Gearing was 17 per cent at the year end, assuming full payment of £5.5m deferred consideration for Taco. However, Taco is now not expected to meet its earn-out target and Britton hoped to claw back mnch of that money, giving the group's negligible gearing, said Mr Simon Beart, finance director.

Britton is planning a 10-for-1 share consolidation as it has 514m shares in issue.

A final dividend of 0.09p is proposed to give an effective total for the year of 0.15p. Earnings per share were 0.68p.

Mr Beart said the 26 per cent tax rete in 1993 was artificially low and would probahly rise to about 31 per cent in future.

Spandex advances 22% and makes £2.9m purchase

By Tim Burt

Shares in Spandex rose 35p to 585p yesterday after the USM-quoted distributor of sign-making equipment announced a 22 per cent increase in profits and a £2.9m acquisition.

The Bristol-based group saw pre-tax profits rise to £5.45m (£4.46m) in the year to Decemher 31, despite continuing recession in some of its key European markets.

Growing sales of sign-making materials and labelling products lifted group turnover 8 per cent to £59.2m (£55m), while operating profits moved ahead from £5.4m to £5.9m.

Increased turnover in Europe – dominated by Germany, accounting for 34 per cent of sales – left the group with net cash of £3.75m (£3m) at the year end.

Gearing, meanwhile, fell from 28.6 per cent to 2.7 per cent after the group cut net deht to £388,000 (£4.27m).

Mr Dick Bostock, finance director, said gearing would increase following the group's FFr25m (£2.9m) cash acquisition of Adhebak, the French distribntor of self-adhesive vinyls.

The acquisition, involving an initial FFr17.5m payment and FFr1.5m payable in three further tranches, will complete Spandex's distribution network in western Europe.

Mr Bostock said the group was now considering expansion in eastern Europe and envisaged strong demand for new machinery, such as its "Gerber Edge" computerised sign-making equipment.

Earnings per share improved to 32p (22.5p), while a recommended final dividend of 4.9p (4.6p) makes a total of 7p, compared with 6.5p. The group also announced a 2-for-1 scrip issue.

Sleepy Kids awoken by Budgie

Reflecting continued progress with Budgie The Little Helicopter, Sleepy Kids, the independent producer of children's animation, yesterday reported that profits accelerated in the second half of 1992-93 and for the year to October 31 came through at £89,235 compared with a loss of £356,243.

The USM-traded company, which owns the worldwide rights to animate and merchandise Budgie, is confident about showing further progress at the interim stage.

There is no dividend but Mr Martin Powell, chairman, said once the trading pattern became firmly established a progressive dividend policy would be adopted.

The shares closed 12p lower at 105p.

Mr Powell said the improved results were achieved when Budgie was at the early stages of development. In the current year many licensing agreements had been entered into covering a wide range of Budgie products.

Turnover for the year was £262,696 (£88,293) and earnings per shara were 0.33p (losses 1.52p).

Lydia van der Meer

John Church: 1993 boosted by 'significant' advance from Jooes

Church surges by 70% to £3.2m

Pre-tax profits of Church & Co, the footwear manufacturer and retailer, surged by 70 per cent from £1.9m to £3.2m for 1993, boosted by a "most significant" advance from its wholly owned subsidiary A Jones & Sons.

Group sales advanced by 7 per cent to £74m (£68.9m).

Earnings per share were 17.4p, up 45 per cent on last year's 12p, while the dividend is stepped up to 13p (12.5p) with a final distribution of 10p.

The directors' aim is to return to a dividend cover of two times as soon as possible.

Mr John G Church, the chairman, said that Church Footwear and Cheaney further improved their performance. However, losses were incurred in the two North American companies, while the French retail concern also suffered a modest loss, mainly as a result of recessionary pressures in continental Europe.

The chairman explained that 1993 was a year of consolidation in which "we concentrated specifically oo improving the profit performance of our various subsidiary companies, both in manufacturing and retail."

The group, he added, acquired a further 25 per cent in its Hong Kong associate, taking the holding to 50 per cent.

Results for A Jones revealed a jump in pre-tax profits from £569,000 to £1.7m for the 12 months, from turnover of £33.9m (£30.15m). During 1993 a shop was opened at 133 Bond Street, London, and two more shops will be opened this year. However two others are being closed.

NEWS IN BRIEF

DALGETY is to purchase Jaeger Participations, a privately-owned French food ingredients business for an undisclosed sum.

EFG (garden centres and horticultural products) has won its appeal against enforcement notices issued by Aylesbury Vale District Council. The notices alleged breach of planning control at World's End garden centre at Wendover, Buckinghamshire.

FINELIST GROUP, vehicle parts distributor, has acquired the Brake & Pipe motor parts distributor for £85,000 cash.

GARTMORE BRITISH Income & Growth Trust received applications for its offer for subscription in excess of £48.5m. Valid applications were received for 23.3m geared income shares at 100p, 19m zero dividend preference shares at 116p and 1.47m units (each comprising one geared income and one zero dividend preference share) at 216p. Applications for geared income shares have been scaled down.

GREAT WESTERN Resources received acceptances for its open offer in respect of 14.27m shares (about 67 per cent). Dealings are expected to begin on March 21.

GT CHILE Growth Fund: Net assets per share for 1993 were $33.89 (£23.2p), against $24.1. Earnings per share were 78 cents (72 cents) and final dividend of 60 cents makes total for year of 130 cents (25 cents).

HEWITT GROUP will receive an investment subsidy of DM550,000 (£216,000) from Treuhandanstalt, which also agreed to waive accrued interest of DM350,000 on the purchase consideration as part of claims made under a 1991 agreement to buy assets from Eisenberger Ton-und Brennhilfsmittelgesellchaft for DM2.5m.

INTERNATIONAL INVESTMENT Trust Company of Jersey has sold its investment property in St Helier, Jersey, for £1.21m cash.

NO PROBES: The proposed acquisition of Newspaper Publishing by Mirror Group Consortium has been cleared by the EU. The proposed acquisitions of 20 per cent of HTV Group by Flextech, of certain Yorkshire Travel assets by Caldaire and of the Bourne and Hillier milk business by Unigate, will not be referred to the MMC.

PTARMIGAN INTERNATIONAL Capital Trust has set the conversion price of its 3.25 per cent subordinated convertible bonds 2009 at 267p.

QUADRANT has received applications for its placing and open offer of 11.7m shares at 35p from holders of 8.7m shares representing 74.4 per cent of qualifying holders entitlement. The remaining shares will be taken up by placees.

ROXSPUR has received applications for 12.89m new ordinary shares under the open offer which closed on March 10. This represented 81 per cent of the shares subject to the offer, not including 9.74m placed firm.

SEVERN TRENT has sold its 35 per cent interest in Acer Engineering (snbsidiary of Acer Group) to Welsh Water for £1m cash. Welsh Water acquired Acer Group in January 1993 and now has full control of the subsidiary.

COMMODITIES AND AGRICULTURE

Nigeria warned cash crisis may hit oil output

By Paul Adams in Lagos

Multinational oil companies in Nigeria foresee a decline in the industry unless the government can raise its investment in production and exploration over the coming year.

The Nigerian National Petroleum Corporation owns 60 per cent of the joint ventures with the multinationals, but has failed to maintain its share of the operating costs, which average about $150m a month, and was up to five months in arrears by last month.

The Nigerian government says it has cut the arrears owed to its partners to $350m but the multinationals put the figure at close to $500m. The government figure is based on arrears dating back to the start of 1993, but some of the debts go back to at least 1991.

The government and the oil companies also differ on the investment needed to maintain current levels of output. The government budgeted for $3.13bn total investment in 1994 but wants to cut this to $2.2bn and has asked the oil companies to reduce this year's operating budgets.

Mr Etiebet is trying to secure as much government investment as possible for the industry but faces competing claims from other ministries, which argue that NNPC's share of the budget is too large and want to spend the money on other projects.

Mr Etiebet recently told the oil companies that selective cuts in exploration and some operating costs would not reduce production capacity. The oil majors acknowledge that some reduction is made necessary by the government's lack of cash and the drop in the oil price but warn that a $900m cut in the budget will bring down production capacity next year.

"By next year it will have a substantial impact on production and the operations cannot just gear up quickly after such a sharp cut," according to an industry expert in Lagos. "The first thing that we will cut is exploration," said one oil company executive. "We are also postponing some new projects for a year or so. If that does not produce enough savings we will have to reduce maintenance."

Nigeria's oil fields contain lots of small reservoirs and new which last a short time before a new well is needed. The oil companies are already reducing their drilling programmes, as it costs at least $7m to drill a new well. The drilling contractors and other oil service companies have been the first to feel the effects of the recession in Nigeria's oil industry.

"We plan to stop drilling any more wells by August," said an executive at one of the multinationals yesterday. "If that happens across the board some of the contractors are going to pack up and leave Nigeria, putting a lot of Nigerians in the oil producing areas out of work."

The government has ruled out divestment of its equity as a solution to the cash crisis, but risks a cut in its Organisation of Petroleum Exporting Countries quota if it allows its production capacity to drop. Mr don Etiebet, the oil minister recently argued for a cut in Opec's production to boost the oil prices but Nigeria is keen to increase its quota when the market picks up.

The government denies that it is exceeding its Opec crude oil quota of 1.865m barrels a day, which it claims is supplemented by 175,000 b/d of condensate from the Mobil Oso plant.

Last year Nigeria was aiming to boost its 2.3m b/d capacity to 2.5m by 1995, but oil companies warn that it could drop well below 2m by next year.

The glittering prize that was almost overlooked

Kenneth Gooding talks to the British-born lady geologist who in 1972 found Australia's first diamond

Companies scrambling to take part in Australia's biggest diamond exploration boom for many years owe a great debt to Ms Maureen Muggeridge.

This British-born geologist earned a place in geological history when she found Australia's first diamond in 1972 – before that many experts believed there were no diamonds to be found in the country, despite its huge size, because the geology was wrong.

She was also part of the team that seven years later located the Argyle AK1 deposit in the far north of Western Australia, one of the country's most important mineral discoveries and now the world's largest diamond producer, at least in terms of the weight.

Ms Muggeridge, now 46, was born in Croydon, near London, and is the niece of the late Mr Malcolm Muggeridge, the eccentric British writer. She spent her childhood in Nigeria and earned her geology degree at St Andrew's University, Glasgow. She recalls she then set out for Australia "to get some sunshine unquote".

She was given a job by Tanganyika Holdings, which then was the only company seriously exploring for diamonds in Australia, apart from, inevitably, De Beers, the South African group which dominates the industry, via its subsidiary Stockdale. Tanganyika was eventually absorbed by CRA, one of Australia's big mining groups and one capable of finding the large sums required to finance a diamond mine.

Ms Muggeridge recalls that the vital clues to the massive Argyle deposit were nearly missed. "I was a bit pushy and insisted we leave no gaps in the exploration work." So with only one geologist assistant she set out in a helicopter on what proved to be an immensely profitable sortie for CRA. One consolation was that her assistant on that trip was Mr John Towie, now a director of rival Australian diamond exploration group, Triad Minerals, whom she had then just wed.

The 38 diamond grains in the sample they sent back for testing could have fitted easily on the head of a match. Once those traces had been found, however, it was an easy task to trace them back to the Argyle deposit.

"Searching for diamonds is much worse than looking for a needle in a haystack," says Ms Muggeridge. "At least you can burn down the haystack and use a metal detector. Success in diamond exploration depends heavily on the expertise of the people involved and, because diamonds and their host rocks are so rare, they are extremely hard to find and a long term approach is an absolute necessity."

For the past five years she has been exploration director of Moonstone Diamond Corporation, which last November raised A$5m (US$3.6m) on the Australian Stock Exchange, enough for two year's exploration work.

Ms Muggeridge was among the speakers at the first Australian Diamond Conference here in Perth last week.

The standing room only event was one indication of how diamond fever has taken hold in Western Australia. Another came from Mr Michael Thomson of stockbrokers Eyres Reed when he estimated that in the past year diamond exploration companies in Australia had raised at least A$72m.

As usual in mining booms, many of the companies involved are as interested in bulling up their share prices as in looking for gem stones. This has led to some unease and complaints, particularly about the way some report their exploration results – so far no set procedures have been fixed for this.

At the conference Mr Wolf Marx, convener of the diamond reporting committee of the Australasian Institute of Mining and Metallurgy, read from a number of recent explorers' reports that left out crucial information such as the value of diamonds found or referred to values or even connotations of value (such as "gem" or "near gem") of a small number of diamonds that were potentially misleading.

"Diamond exploration geologists, exploration managers and even chairmen of mining companies are unlikely to have sufficient expertise to give accurate assessments of diamond values," he explained. "This is made worse if the stones are micro diamonds which, by definition, cannot be considered to have any value other than scientific."

Delegates cheered up, however, when Mr Chris Jennings, an international explorer associated with the discoveries in the North West Territories that caused Canada's recent diamond rush, said new technical expertise and knowledge justified more exploration in Australia, including in those areas already studied for diamonds. "Since Argyle there has been no intense exploration in Australia," he said. "There are probably big areas where there is some sort of potential for diamonds – I feel confident about it."

Nevertheless, finding those diamonds will not be easy. Mr Yannic Mercier, Geneva-based chairman of Ms Muggeridge's Moonstone Corporation, jokingly told delegates that when he was first invited to invest he replied: "Setting up a diamond exploration company raises only two questions; how much money you want to lose and how long will you give yourself to lose it".

Russia is to allow private buyers to bid for diamonds in an open tender, reports Reuter from Moscow, but a senior official said the auction would not breach a marketing deal with De Beers' Central Selling Organisation, which controls the vast bulk of the world diamond market.

Mr Pavel Kovylin, head of the Almazexport branch of Russia's Diamonds of Russia-Sakha producers, declined to say how many carats of diamonds would be offered for sale. But he said trade reports that Russia would sell 100,000 carats were "a big exaggeration".

"We will hold a tender soon, observing all our obligations to the CSO," he said, "and the volume will be much smaller than that."

US calls for proof that its stockpile sales are disrupting the world bauxite market

By Canute James in Kingston, Jamaica

The US government will limit sales of refractory grade bauxite (aluminium ore) sold from its strategic stockpile in the 1994 fiscal year to Chinese material, but has asked for evidence from a major producer to substantiate claims that the sales are depressing prices paid to producers.

The US embassy in Guyana says the limit is in response to concerns expressed by the Guyanese government over the sale of 48,000 tonnes of refractory grade bauxite between October 1992 and September 1993.

Guyana and China dominate the world market for refractory grade bauxite. The government of the English-speaking republic in north-east South America says the sale is depressing the world market price of the bauxite and threatening efforts to rehabilitate the local bauxite industry.

"In response to Guyanese government concerns about the impact of stockpile refractory bauxite sales on the Guyanese market... the stockpile has taken affirmative action to limit refractory bauxite offerings in fiscal year 1994 primarily to Chinese material," an embassy statement says. It adds, however, that the US interagency committee, which monitors the impact of stockpile sales, has asked the Guyana government to provide additional information to support its contention that the US sales have caused undue disruption in the market.

"This committee did not believe that the bauxite sales in fiscal year 1993 would cause an undue disruption of the world market for refractory bauxite, which amounts to over 1m tons annually," it says. Guyanese officials had claimed that the sale from the US strategic stockpile had driven world prices for refractory grade bauxite from $150 a tonne to under $100.

The US Congress has directed the Defence Stockpile Centre to sell its surplus stock of refractory bauxite by September 1997 because stockpiling requirements have changed because of a lessening in potential threats to US national security.

The decision to reduce the strategic bauxite stockpile has been a cause of concern among producers.

Mr Nenad Altman, secretary general of the International Bauxite Association, the producers' group, said recently that despite the sale of relatively small amounts, producers were being affected by the price of the US material.

MARKET REPORT

Copper leads metal rally

After hours "kerb" trading was active at the London Metal Exchange yesterday today with a strong **COPPER** market, which ended at 7½-month peaks, pulling other metals higher. Dealers thought further gains were likely in the short term.

ALUMINIUM was bolstered by heavy late buying, and broke through the $1,320-a-tonne level for three months delivery, where sizeable stop-loss buying orders were triggered.

The **LEAD** and **ZINC** markets broadly took their cue from the overall trend in base metals, as there were no particular fundamental factors evident to justify strength at present, notably in zinc, dealers said.

COFFEE and **COCOA** futures ended lower at the London Commodity Exchange in a mild correction to recent rallies, though traders said underlying sentiment in both markets remained positive.

After a brief attempt to break through the high at $1,325, May coffee slipped back to end $7 lower at $1,310. But its ability to keep above $1,300 throughout the day led traders to believe the current uptrend was still intact.

After a weak start cocoa failed to build up any momentum, staying in the minus column all day. The May position finished £3 down at £966 a tonne, £1 below the day's high. "We've seen a lot of players taking profits," said one trader.

Compiled from Reuter

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1291-2	1314.5-15.0
Previous	1272.5-3.5	1301-2
High/low	-	1324/1310
AM Official	1291-1.5	1315-5.5
Kerb close		1223-3.5
Open int.	259,614	
Total daily turnover	51,410	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1230-5	1245-8
Previous	1220-30	1235-40
High/low	1235	1250/1242
AM Official	1230-5	1245-50
Kerb close		1245-55
Open int.	4,444	
Total daily turnover	790	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	458-9	472-3
Previous	453-4	467-8
High/low	-	475/468
AM Official	457-8	472-3
Kerb close		474-5
Open int.	35,083	
Total daily turnover	5,011	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	5555-65	5620-30
Previous	5530-5	5590-6
High/low	5540	5675/5550
AM Official	5535-45	5605-10
Kerb close		5675-80
Open int.	49,218	
Total daily turnover	10,873	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5430-40	5480-5
Previous	5430-40	5485-9
High/low	-	5540/5560
AM Official	5435-40	5480-5
Kerb close		5535-40
Open int.	19,679	
Total daily turnover	3,996	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	931-2	950-1
Previous	929-30	947-8
High/low	931.5	956/949
AM Official	931-1.5	951-1.5
Kerb close		953-4
Open int.	107,221	
Total daily turnover	11,167	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1943-5	1956-7
Previous	1940-1	1955-6
High/low	1953	1967/1954
AM Official	1953-4	1962.5-3.5
Kerb close		1965-6
Open int.	223,323	
Total daily turnover	76,065	

■ LME AM Official £/$ rate: 1.4870
LME Closing £/$ rate: 1.4925

Spot: 1.4935 3 mths: 1.4890 6 mths: 1.4863 9 mths: 1.4848

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Mar	93.50	+1.30	93.50	91.45	3,625	419
Apr	93.30	+1.15	93.25	92.25	1,181	55
May	93.15	+1.10	93.20	91.20	38,306	7,763
Jun	92.65	+1.10	91.50	91.50	843	-
Jul	92.25	+1.15	92.30	90.50	10,569	1,861
Aug	92.10	+1.10	-	-	408	-
Total					65,623	10,587

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	385.70-386.10	
Opening	386.90-387.30	
Morning fix	385.30	259.077
Afternoon fix	385.50	258.517
Day's High	386.80-387.20	
Day's Low	384.90-385.30	
Previous close	386.00-386.50	

Loco Ldn Mean Gold Lending Rates (Vs US$)
1 month ....3.22 6 months 3.48
2 months ....3.29 12 months 3.73
3 months 3.33

Silver Fix	p/troy oz.	US cts equiv.
Spot	364.50	542.25
3 months	369.25	547.35
6 months	373.40	552.55
1 year	382.75	565.45

Gold Coins	$ price	£ equiv.
Krugerrand	387-390	260-263
Maple Leaf	396.65-399.15	
New Sovereign	93-96	62-65

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	384.9	-2.0	-	-	-	-
Apr	385.8	-2.0	386.9	385.3	60,478	20,010
May	386.7	-2.0	-	-	-	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

[illegible]

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

[illegible]

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

[illegible]

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

[illegible]

■ CRUDE OIL IPE ($/barrel)

[illegible]

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

[illegible]

■ GAS OIL IPE ($/tonne)

[illegible]

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

[illegible]

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

[illegible]

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	104.65	-	104.65	104.60	119	9
May	106.10	-0.15	106.75	106.10	1,485	150
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

[illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

[illegible]

■ BARLEY LCE (£ per tonne)

[illegible]

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

[illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

[illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton)

[illegible]

■ POTATOES LCE (£/tonne)

[illegible]

■ FREIGHT (BIFFEX) LCE ($10/index point)

[illegible]

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	949	-5	948	946	274	55
May	966	-3	967	968	22,975	2,891
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ COCOA CSCE (10 tonnes; $/tonnes)

[illegible]

■ COCOA (ICCO) (SDR's/tonne)

[illegible]

■ COFFEE LCE ($/tonne)

[illegible]

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

[illegible]

■ COFFEE (ICO) (US cents/pound)

[illegible]

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

[illegible]

■ WHITE SUGAR LCE ($/tonne)

[illegible]

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

[illegible]

■ COTTON NYCE (50,000lbs; cents/lbs)

[illegible]

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

[illegible]

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	76.375	-	76.675	76.225	36,391	5,366
Jun	74.175	+0.175	74.425	73.925	23,698	4,945
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ LIVE HOGS CME (40,000lbs; cents/lbs)

[illegible]

■ PORK BELLIES CME (40,000lbs; cents/lbs)

[illegible]

LONDON TRADED OPTIONS

[illegible]

LONDON SPOT MARKETS

[illegible]

COTTON

[illegible]

VOLUME DATA

[illegible]

INDICES

■ REUTERS

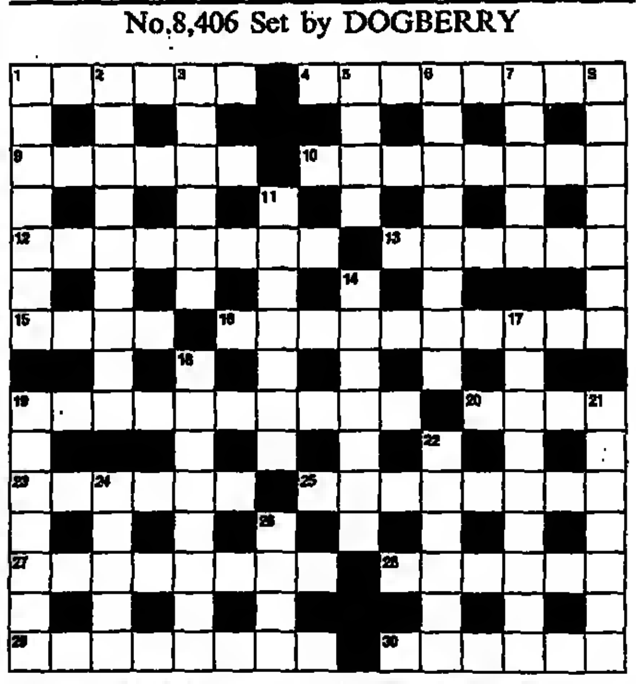
[illegible]

■ CRB Futures

[illegible]

CROSSWORD

No.8,406 Set by DOGBERRY



ACROSS

1 Great orb of tree on top of tree (6)
4 Aid to walking on a slope – injection of horse power (3-5)
9 Nots bird conveying wrong sort of image (6)
10 One once caressed in God's Country (8)
12 Bottom turns on female dramatist (8)
13 Soldiers' transport in retreat from such bullets (6)
15 Don't swim to the basin! (4)
16 On reflection, markets lager with eagle's head in air current (10)
19 Means of controlling lots of traffic – base trick ahead (10)
20 Semi-scholarly sex symbol (4)
23 Girl protecting boy from disease (6)
25 Right leader to wash up mess (8)
27 Truant alters base book on the poet Cummings (8)
28 Jumped and dashed into the doctor's backwards (6)
29 Put spice into dull routine: turned to organised crime (8)
30 Psychic manipulator (sometimes meretricious) (6)

DOWN

1 Classical flier rising to dine, eating herb (7)
2 Willing to take Maigret's lead in "The Unnamed Murder Victim" (9)
3 Quote compiler about purge (6)
5 Oversleeps on bridge (4)
6 Ruth swallows alternative religion first, that's the main thing (8)
7 Greek spies upheld race (5)
8 Grass instrument said to have preserved spirit (3,4)
11 Blow about to sicken the distrainer (7)
14 It's relevant that a backer rejected bribe (7)
17 Ample cost of emanation (9)
18 Shelter many found in Indian belief (8)
19 Handy deal (7)
21 Active type embracing humorist's widow (7)
22 Basic means of attachment (6)
24 Beam up most of the middleman's intention? (5)
26 Save one from fabled horror (4)

Solution 8,405

JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Wage cost data unsettle nervous share prices

By Terry Byland, UK Stock Market Editor

Renewed weakness in British government bonds, following the latest data on UK economic progress, brought losses in share prices in London yesterday. Selling was not heavy, and equities were influenced by activity in stock index futures ahead of the expiry tomorrow of important futures contracts.

The downturn in gilt-edged securities, and in sterling, discouraged London from joining in the generally favourable response in other markets to the reduction in rates at the Bundesbank money market tender, and to the 0.3 per cent rise in the US consumer price index in February.

On the UK front, higher earnings and unit wage trends hinted at inflationary pressures ahead, although a dip of 0.5 per cent in February retail sales was seen as increasing the likelihood of an early base rate cut.

Equities opened steadily, taking the German repo rate news comfortably, but turned down when UK bonds began to give way as the pound softened. Share prices reacted quickly to bouts of selling of the March FT-SE 100 contract, *which expires tomorrow.*

The Footsie slipped to 3,242.3 before steadying to show a final reading of 3,242.9, a loss of 24.5 on the day. Trading volume increased again, to 625.5m shares; Tuesday's 616m shares brought a retail worth of £1.41bn. The FT-SE Mid 250 Index fell 12.1 to 3,890.4, but the second-line issnes were somewhat overlooked as the futures markets cast their spell over the blue chip issues.

Account Dealing Dates		
*First Dealings:		
Feb 28	Mar 14	Mar 28
Option Declarations:		
Mar 10	Mar 24	Apr 7
Last Dealings:		
Mar 11	Mar 25	Apr 8
Account Day:		
Mar 21	Apr 5	Apr 18

*New time dealings may take place from two business days earlier.

Strategists found difficulty in explaining London's weakness in a session in which other global markets held relatively steady in the face of developments in German and US markets. Mr Nick Knight at Nomura Research suggested that the UK stock market might react unfavourably to the base rate cut widely expected soon, since it might be regarded as a move likely to be reversed later in the year. Mr Robin Aspinall at Panmure Gordon commented: "The Bank will not be happy if it is forced into a cut while sterling looks fragile."

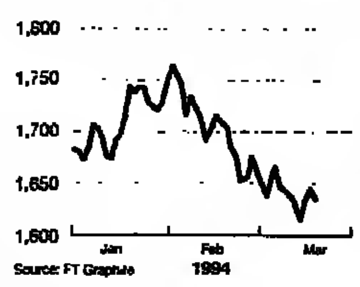
Attention is likely to focus this morning on the policy meeting at the Bundesbank. Analysts predict that, in the wake of yesterday's modest trimming in repo yields, a reduction in the upper level Lombard rate is possible today, although the key discount rate is not expected to change. However, UK strategists now believe that the expected cut in UK base rates hinges on domestic political factors, including next month's increase in taxes, and the local authority elections in the UK.

Technical factors were blamed for the erratic movements in share prices over the past week. The market is believed to have become oversold at the end of last week and has now become over-sensitive to the price gyrations associated with the expiry of derivatives instruments.

In their turn, these futures and options have traded through a difficult period which has seen interest rates ease across Europe, and both the US and UK stock markets undergo a significant correction from their post-Christmas peaks. This has left fund managers and securities bouses with substantial futures trading positions which must be either rolled over to the next expiry period or sold out.

These pressures are expected to increase as the stock market faces further economic statistics from the UK and the US, culminating early next week in the form of trade figures on both sides of the Atlantic.

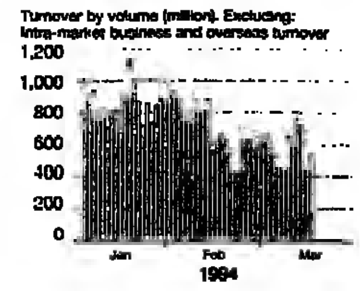
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



Key Indicators

Indices and ratios

FT-SE 100	3242.9	-24.5	FT Ordinary Index	2552.8	-16.5
FT-SE Mid 250	3890.4	-12.1	FT-SE-A Non Fins p/e	21.74	(21.94)
FT-SE-A 350	1644.8	-10.7	FT-SE100 Fut Mar	3238.0	+34.0
FT-SE-A All-Share	1636.52	-10.05	10 yr Gilt yield	7.18	(7.02)
FT-SE-A All-Share yield	3.53	(3.51)	Long gilt/equity yld ratio:	2.17	(2.15)

Best performing sectors

1 Merchant Banks +3.1
2 Life Assurance +0.4
3 Distributors +0.2
4 Other Services & Bsns +0.2
5 Other Financial +0.1

Worst performing sectors

1 Textiles & Apparel -2.7
2 Tobacco -1.7
3 Spirits, Wines, Ciders -1.6
4 Household Goods -1.6
5 Electronic & Elec Eqpt -1.2

Coats loses favour

Textiles leader Coats Viyella was the biggest casualty in the FT-SE 100 Index constituents yesterday as the company came out with a set of results that looked good but failed to retain the market's enthusiasm. The shares dropped 20 to 260p on turnover of 7.8m, far higher than average, in spite of a £150.3m profit at the top of the range of analysts' estimates.

Analysts said that once the benefits of acquisitions and currency had been stripped out, the underlying business had declined. Also the company predicted flat sales in most of its markets, while material prices were creeping upwards. However, more enthusiastic observers pointed out that the stock had jumped from 259p just over a week ago. S.G. Warburg rednced its 1994 estimate by £15m to £160m.

Schroders ahead

Scbrodsrs, the merchant bank, delivered the best individual performance of any of the FT-SE 100 stocks as it announced net profits far in excess of market expectations.

Net income totalled £140.3m, compared with the most optimistic forecasts of around £120m. The dividend total was also well ahead of expectations.

Ironically, Schroders is one of the casualties of the most recent screening of FT-SE 100 constituents and is scheduled to drop out of the UK market's premier index as from Monday. Schroders ordinary were up 80 *at 1170p, after 1185p, on turnover* of 1m shares.

Schroders doubled net profits followed similarly bumper results from other merchant banks in recent weeks. S.G. Warburg, the UK's premier merchant bank and also a FT-SE 100 constituent, managed only a fractional improvement at 803p, but Kleinwort Benson advanced 16 to 548p, Hambros 14 to 378p and Close Brothers 15 to 540p.

Lasmo busy

There were distinct signs of unease around the oil exploration and production sector as first Enterprise Oil, and to a *lesser extent Lasmo, attracted* sizeable selling pressure.

The latter was the market's second most heavily traded stock after a block of 1.6m shares was sold into the market at 130p and quickly placed at 130½p, while a further 700,000 was bought and sold at a profit of only 0.25p.

Lasmo is scheduled to announce preliminary results next Wednesday and the company's shares have held relatively steady in recent months in spite of the continued weakness of crude oil prices, currently just above their lowest levels for five years.

At the close Lasmo was marginally easier at 130p after *turnover of 10m shares*, the highest single day's volume since December 10. Enterprise shares dipped 4 to 411p.

Turnover in Rolls-Royce rose to 10m and the shares hardened 4 to 190p after Henderson Crosthwaite issued a buy recommendation and upgraded current-year profits estimates.

The broker raised its forecast by £10m to £120m and urged investors to buy the stock, saying: "Rolls-Royce is the premier investment in the engineering sector, with a major appeal to international funds." US investment bank Lehman Brothers was also reported to have been a big buyer of the shares.

Metals group Johnson Matthey firmed 3 to 568p after BZW issued a favourable review on the stock.

Worries about the pressure on profits in the cable industry continued to hurt electricals group Delta. The shares gave up 13 to 509p, after a meeting with institutions.

Prospects of losing the benefit of the pension surplus from the balance sbeet, highlighted by Coats Viyella's figures, hurt Williams Holdings. The shares relinquished 13 to 394p.

Legal & General rose strongly against the market and closed 9 higher at 502p, ahead of this morning's preliminary fiugures and following good support from James Capel and Robert Fleming Securities.

The latter, recommending the shares as a buy "for the first time in many months," pointed to the shares' yield-premium of nearly 45 per ceot and the actual yield of nearly 5.5 per cent. Flemings' said "worries about fines for pension overselling are overdone."

Stores analysts digested the details of the CBI retail sales survey whicb sbowed sales growth slowing for the second month in succession, and the latest goveroment figures. Great Universal Stores bucked tbe muted trend, the sbares rising 2 to 575p, on evidence of stronger mail order sales. Browo and Jackson recoverd a half-penny to 3¼ after collapsing on Tuesday after revealing disagreements witb its bankers. Talk of a profits down*grade in Kingfisher* saw tbe shares slide 12 to 607p.

Leisure group Granada continued to see analysts and insitutional investors ahead of its closed season. Tbe meetings kept the stock up for most of the session, although it ended a penny off at 560p. Smith New Court reiterated its positive stance arguing that witb BSkyB stripped out it deserved more than a market rating.

Hotel stocks firm market with Kleinwort Benson's latest research suggesting UK room demand in December 9.4 per cent ahead of the same period a year earlier. Forte added a penny at 256p and Ladbroke was steady at 207p.

Transport and property group P&O, which reports next week appreciated 8 to 689p, after a BZW recommendation. The securities house expects the group to report profits of £540m (including £300m of exceptionals.)

Channel tunnel operator Eurotunnel moved ahead 3 to 544p, with SG Warburg said to have recommended the stock.

Fisons added 3 at 134p as US buying led to a return of bid rumours.

Reed International improved 2 to 905p ahead of figures tomorrow.

Marketmakers were preparing themselves for the first day of trading in Midland Independent the newspaper group that includes the Birmingbam Evening Mail and daily Post. The shares were offered at 140p and some dealers were suggesting that the shares, five times oversubscribed by institutions, *might open at a hefty premium.*

A forecast upgrade in Cadbury Schweppes, said to be by company broker Hoare Govett, helped the shares rise 3 to 499p. United Biscuits gained 5 to 338p ahead of results today, some buyers speculating that the rumoured provisions may not be as bad as feared.

Other big moves

Profit-takers took the shine from Sleepy Kids' return to profits, the shares sliding 12 to 105p.

Improved profits and a French aquisition from Spandex, a supplier to the sign industry, helped the shares surge 35 to 585p.

Worries over trading prosepcts at Everest Foods saw the shares fall 8 to 60p.

MARKET REPORTERS:
Christopher Price, Joel Kibazo, Peter John, Steve Thompson.

■ Other statistics, Page 21

NEW HIGHS AND LOWS FOR 1993/94

NEW HIGHS (39).
BANKS (1) Sumitomo Trust & Bk., BLDG MATLS & MCHTS (6) St. Gobain, Tudor, CHEMICALS (1) Akzo, DISTRIBUTORS (2) Evans Halshaw, Sanderson Bramall, DIVERSIFIED INDLS (1) TT, ELECTRNC & ELECT EQUP (6) ASEA B, Forward Technology Inds., MTL Instruments, Motorola, Scholes, Toshiba, ENGINEERING (3) Alvis, Morris Ashby, Rolls Royce, ENG. VEHICLES (2) Daimler-Benz, Volkswagen, EXTRACTIVE INDS (6) Anglo Amer Coal, Caledonia Mining Corp., Kidston Gold Mines, MIM, NSM, Rand Mines, INVESTMENT COMPANIES (1) JF Fledgeling Japan, LEISURE & HOTELS (1) Vardon, MEDIA (1) Phonelink, MERCHANT BANKS (1) Rea Bros., OIL EXPLORATION & PROD (1) Pict, OTHER FINANCIAL (1) Securitised Endowment, PRTNG, PAPER & PACKG (1) Sappi, RETAILERS, GENERAL (2) Signet 6¼p Pf., Sothebys, SUPPORT SERVS (2) Computer People, Kalamazoo, TELECOMMUNICATIONS (1) GN Great Nordic, TEXTILES & APPAREL (1) Claremont Garments, TRANSPORT (1) Bergesen, CANADIANS (1) Rio Algom.
NEW LOWS (22).
GILTS (12) BLDG MATLS & MCHTS (1) Rompur, ENGINEERING (1) Neotronics Tech., EXTRACTIVE INDS (1) Mount Burgess, FOOD MANUF (1) Everest, INVESTMENT COMPANIES (1) Enviromental Inv., MEDIA (1) Intereurope Tech., OIL EXPLORATION & PROD (1) Coplex Resources, PROPERTY (1) Cathay Intl., AMERICANS (2) Amer. Cyanamid, NYNEX.

EQUITY FUTURES AND OPTIONS TRADING

The setback in UK gilts after the release of economic statistics brought a sharp fall in stock index futures, *writes Joel Kibazo.*

The first trade in the Liffe March contract on the FT-SE 100 was struck at 3,266, off 6 points from its previous close. Sporadic buying in the initial stages saw the contract advance to a high nf 3,272.

The release of a clutch nf UK economic data brought a reversal in the fortunes of March as dealers reacted to the decline in UK bonds. Tha contract fell back sharply, pulling the underlying cash market lower. Traders also reported a significant amount of technical trading ahead of tomorrow's expiry nf March.

It finished at 3,238, down 34 from its previous close and at a four-point discount to cash. Volume at the official close stood at 22,141 lots. June ended the session at 3,247 on turnover of 9,044 contracts.

In the Liffe Mid 250 futures, 35 lots were dealt in the March contract, which closed at 3,890, though volume in June was 120 contracts and it ended at 3,910.

Business in the Liffe traded options was subdued and turnover came to 37,672 lots, of which 20,418 were in the FT-SE 100 option and 4,799 in the Euro FT-SE 100 option. British Gas, the most active stock option, had 1,905 contracts dealt.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3266.0	3238.0	-34.0	3272.0	3230.6	24112	25354
Jun	3278.6	3247.5	-35.5	3279.6	3242.0	9872	41522
Sep		3268.0	-35.5			0	680

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £16 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3905.0	3880.0	-17.0	3905.0	3887.0	35	780
Jun	3917.6	3910.0	-13.0	3917.0	3906.0	120	825

■ FT-SE MID 250 INDEX FUTURES (OMLX) £16 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3893.0	3883.0	-10.0	3883.0	3893.0	8	2,876
Jun		3910.0					232

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3242) £10 per full index point

	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P	3350 C	3350 P	3400 C	3400 P
Mar	192½	½	142½	½	92½	½	43½	4½	9½	22	1½	64½	½	114	½	164
Apr	197	11	155½	19	118	31	83	47	55½	69	34½	98½	20½	134½	11	175
May	221½	29	182½	40½	146	53½	115½	72½	87	94	60	122½	44½	152	31	188½
Jun	235½	41½	198	55	164	68½	133½	89	104½	109	83	137	62½	166½	47	201½
Dec†			279½	116			216	150½			165	196½			128	256½

Calls 10,894 Puts 9,689

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P	3325 C	3325 P	3375 C	3375 P	3425 C	3425 P
Mar	163	½	113	½	64	1½	24½	11½	4	40	½	87	½	137	½	187
Apr	176	14½	134½	23½	99½	37½	68½	57	44½	82½	27	115	16	153	8	195½
May			164½	46½			100	81½			58½	133½			25½	204½
Jun			178½	58			119	97½			74	151			43	218½
Sept†			227	90			167	127½			117½	175½			80½	235½

Calls 4,322 Puts 417 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £16 per full index point

	3950 C	3950 P	4000 C	4000 P	4050 C	4050 P	4100 C	4100 P	4150 C	4150 P	4200 C	4200 P	4250 C	4250 P	4300 C	4300 P
Mar	2½	61½	1	111	½	161	½	211	½	261	½	309½	½		½	
Apr	45½	99½	29	132½	19	171	13½	213½	6		3		2		2	

Calls 6 Puts 4 Settlement prices and volumes are taken at 4.30pm.

FT-SE Actuaries Share Indices — The UK Series

	Mar 16	Day's chge%	Mar 15	Mar 14	Mar 11	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3242.9	-0.8	3267.4	3233.4	3191.9	2889.9	3.73	5.91	20.50	23.12	1198.21
FT-SE Mid 250	3890.4	-0.3	3902.5	3885.7	3857.4	3125.9	3.15	4.98	24.71	14.80	1416.80
FT-SE Mid 250 ex Inv Trusts	3906.0	-0.3	3918.2	3900.9	3872.1	3144.3	3.24	5.33	23.31	14.40	1417.78
FT-SE-A 350	1644.8	-0.6	1655.5	1640.6	1621.7	1431.7	3.59	5.89	21.35	10.45	1243.33
FT-SE SmallCap	2009.70	-0.1	2011.85	2011.70	2008.46	1582.19	2.75	6.77	33.05	8.11	1531.33
FT-SE SmallCap ex Inv Trusts	1989.47	-0.1	1992.16	1992.40	1990.09	1571.55	2.89	4.16	30.46	7.55	1518.04
FT-SE-A ALL-SHARE	1636.52	-0.6	1646.57	1632.78	1615.12	1414.57	3.53	5.56	21.89	10.13	1258.74

■ FT-SE Actuaries All-Share

	Mar 16	Day's chge%	Mar 15	Mar 14	Mar 11	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(16)	2519.82	-0.4	2531.12	2512.97	2506.18	2170.40	3.61	4.94	25.14	27.63	996.50
12 Extractive Industries(4)	3944.64	-0.6	3968.30	3924.49	3868.71	3100.60	3.28	4.51	26.68	26.93	1070.65
15 Oil, Integrated(3)	2423.87	-0.4	2433.11	2418.37	2418.38	2058.00	3.72	5.14	24.23	61.69	979.80
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Telecommunications(4)	1889.66	-0.7	1904.13	1887.73	1842.31	1826.70	4.89	13.45	8.74	3.48	909.28
68 Water(13)	1760.90	-0.6	1772.13	1757.87	1741.07	1552.94	3.56	5.63	21.74	8.87	1215.57
69 NON-FINANCIALS(629)	2365.74	-0.6	2379.38	2352.73	2309.76	1880.20	3.75	5.86	20.06	29.00	618.80
70 FINANCIALS(104)	3047.71	-1.1	3082.39	3036.83	2963.76	2275.30	3.53	6.21	19.09	55.66	901.32
71 Banks(10)	1353.44	-0.3	1357.13	1347.23	1329.92	1345.00	4.71	8.05	14.52	13.32	902.46
73 Insurance(18)	2566.86	+0.4	2555.40	2525.29	2488.84	2564.50	4.58	4.74	28.56	2.91	944.42
74 Life Assurance(6)	3081.97	+3.1	2989.72	2967.20	2952.74	2286.20	3.16	7.86	15.98	11.44	907.07
75 Merchant Banks(6)	2035.93	+0.1	2033.16	2027.78	1999.09	1675.80	3.17	5.47	22.92	12.37	1064.31
77 Other Financial(25)	1705.75	-0.7	1717.54	1711.19	1696.74	1211.50	3.59	3.28	40.42	2.80	952.10
79 Property(39)	2930.43	-0.2	2936.63	2928.52	2912.41	2239.60	2.16	1.75	57.11	14.80	973.38
80 INVESTMENT TRUSTS(119)	1636.52	-0.6	1646.57	1632.78	1615.12	1414.57	3.53	5.56	21.68	10.13	1258.74
89 FT-SE-A ALL-SHARE(852)											

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3262.3	3259.1	3251.0	3251.9	3245.9	3248.0	3245.4	3243.0	3242.8	3265.7	3242.3
FT-SE Mid 250	3900.5	3901.9	3901.8	3897.8	3894.4	3893.8	3893.5	3891.9	3890.9	3903.3	3890.4
FT-SE-A 350	1653.2	1652.2	1653.0	1649.0	1648.4	1647.1	1646.1	1645.0	1644.7	1654.9	1644.6

Time of FT-SE 100 High 9.41am Low 4.20pm

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1385.4	1385.8	1386.9	1389.4	1387.5	1386.9	1388.3	1387.3	1386.5	1386.0	1386.5	-0.5
Pharmaceuticls	3062.7	3061.2	3070.4	3059.1	3051.6	3048.4	3051.0	3044.2	3042.5	3042.1	3056.6	-14.5
Water	1891.6	1891.8	1893.6	1892.1	1892.4	1893.6	1887.3	1883.9	1885.8	1885.6	1900.0	-14.4
Banks	3104.7	2109.0	3115.2	3098.2	3097.2	3101.3	3099.6	3097.9	3097.7	3085.1	3120.3	-35.2

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address. The FT-SE 100, the FT-SE Mid 250, FT-SE Actuaries 350 and the FT-SE Actuaries Industry baskets are calculated by the International Stock Exchange of the United Kingdom and Republic of Ireland and the FT-SE Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. The FT "500" has been renamed FT-SE-A Non-Financials Index.

 † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.

TRADING VOLUME

■ Major Stocks yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	9,800	60	-½
Abbey National†	957	489	-7
Albert Fisher	1,600	63	
Allied-Lyons†	1,800	623	-8
Anglian Water†	680	517	-5
Argos	353	357	-3
Argyll Group†	4,200	252	-2
Arjo Wiggins†	1,000	267	-4
Assoc. Brit. Foods†	1,000	557	-2
Assoc. Brit. Ports	133	580	
[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct	Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Allied-Lyons	600	34	48½	55	8	25½	32½	Hanson	260	24	28	32½	3	6½	16
(*623)	650	8½	22	32	34½	54½	51	(*279)	280	11	15½	21	16	15	19
Argyll	240	16	27	60	5	18	20½	Lasmo	130	11½	17½	22½	11½	18½	21
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT GOLD MINES INDEX

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	69	3
Other Fixed Interest	1	8	8
Mineral Extraction	31	92	82
General Manufactures	116	160	411
Consumer Goods	21	56	110
Services	61	123	335
Utilities	12	25	8
Financials	76	134	187
Investment Trusts	61	81	218
Others	50	46	32
Totals	419	794	1499

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	March 7	Last Declarations	June 16
Last Dealings	March 18	For settlement	June 27

Calls: Caverdale, Cons. Murch., Edmond Hldgs., Royal Ins., Schroder Split Cap., Sleepy Kids Puts: Kleeneze, Royal Ins., Sleepy Kids Puts & Calls: Lionheart, Schroder Split Cap., Sidlaw

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1993/94 High	1993/94 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	31.0	246	245	Abtrust N Dawn C	246		-	-	-	-
140	F.P.	262.8	170	163	Alpha Airports	174½	+2½	RN4.03	2.2	2.9	19.9
-	F.P.	1.21	6½	1	‡Care UK Wrts	6½	-½	-	-	-	-
105	F.P.	32.8	116	101	Cedardata	107	-1	RN1.91	2.9	2.2	17.5
150	F.P.	97.2	145	143	Chiroscience	143	-3	-	-	-	-
124	F.P.	24.0	186	142	Clinical Computing	145		-	-	-	23.8
50	F.P.	135.8	50	47	Edin New Tiger	48½		-	-	-	-
-	F.P.	12.2	50	46	F & C Private Eq	49		-	-	-	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1993/94 High	1993/94 Low	Stock	Closing price p	+ or -
92	Nil	11/4	15pm	6½pm	Burford	8½pm	-1½
173	Nil	5/4	27pm	16pm	‡Cap. & Regional	16pm	
4¼	Nil	14/4	6pm	3pm	Care UK	4pm	-½
42	Nil	14/4	18pm	4pm	Conrad Ritblat	4pm	
15	Nil	25/3	4pm	2½pm	Creston Land	2½pm	
12	Nil	13/4	13pm	10pm	Firth (GM)	11pm	
120	Nil	21/3	45pm	33pm	‡Grosvenor Inns	35pm	
315	Nil	30/3	64pm	50pm	Wetherspoon JD	50pm	-2

pm Price at a premium.

FINANCIAL TIMES EQUITY INDICES

	Mar 16	Mar 15	Mar 14	Mar 11	Mar 10	Yr ago	*High	*Low
Ordinary Share	2552.8	2569.3	2546.2	2516.7	2547.2	2249.6	2713.6	2124.7
Ord. div. yield	2.64	3.61	3.64	3.68	3.63	4.37	4.52	3.43
Earn. yld. % full	4.85	4.81	4.95	4.87	4.82	6.15	6.38	3.82
P/E ratio net	21.95	22.11	21.95	22.18	22.39	20.25	33.43	19.40
P/E ratio nil	22.93	23.09	22.92	23.23	23.47	18.72	30.80	18.14

*For 1993/94. Ordinary Share Index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2568.2	2566.5	2565.8	2558.6	2553.1	2553.7	2552.0	2552.4	2553.6	2570.6	2551.2

	Mar 16	Mar 15	Mar 14	Mar 11	Mar 10	Yr ago
SEAQ bargains	30,376	33,817	34,173	41,081	34,943	32,410
Equity turnover (£m)†	-	1406.9	1248.6	1872.8	2118.1	1403.1
Equity bargains†	-	39,574	38,169	46,620	38,825	36,980
Shares traded (ml)†	-	535.7	467.9	713.8	760.8	577.1

† Excluding intra-market business and overseas turnover.

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£24⅛	+⅛	£25¼	£18¾	6,614	4.8	ф
ANZ A$		251	-3½	278¼	130	3,282	3.8	19.7
Abbey National	◆♦N□	492xd	-7	524	345	6,392	3.6	10.2
Allied Irish I£	♣□	284xd	-1	314	179	1,738	4.7	ф
Anglo Irish I£	M♣□	98	—	*70	28	146.4	7.2	11.8
Asahi Y		722½	+27¾	844	415	16,769	0.7	—
Banco Bil Viz Pta		£14⅛	-⅛	217¾	£13⅞	3,445	5.5	8.7
Banco Sant Pta		£34⅝	—	£38	£24⅞	3,847	3.9	13.2
Bank Leumi (UK)		430xd	—	450	325	35.2	3.8	ф
Bk Ireland I£	♣xd□	263	-1	*318	177	1,239	4.7	19.4
Bank Scotland	♣†□	188	-1	247	118½	2,281	3.8	26.6
9¼pc Pf		121½	-1	141½	111¾	131.5	8.8	—
9¾pc Pf		138½	-⅛	149½	123½	138.5	8.6	—
Barclays	◆N□	557xd	+2	652	362	8,845	3.4	28.4
Dai Ichi Kan Y		212⅞	+⅞	£15⅜	£8⅞	38,368	0.4	68.7
Deutsche DM		£329⅛	+⅛	£348⅞	£250⅛	15,609	1.8	—
Espirito Santo		£23⅛	—	£26⅞	£16½	247.3	3.8	5.8
First Nat Fin	N□	88	+1	*95	45	137.5	2.3	—
6.3pc Cv Pf		85	—	*91	55	5.78	9.2	—
7pc Cv Pf		161	—	171	108	78.4	5.4	—
Fuji Bank Y		1446¼	+11¼	1661	978	41,844	0.4	—
HSBC HK	□	880xd	-14	1133	474	15,161	3.4	ф
HSBC (75p Shs)	□	826xd	-19	1113	490	7,087	3.5	ф
Lloyds	N□	580xd	-13	680	492	7,530	4.1	12.4
Mitsubishi Y		£18⅛	+⅛	£19¼	211¼	82,202	0.3	—
Mits Tst & Bk Y		1007¼	+13	1027¼	482½	13,124	0.5	16.2
Mitsui Tst & Bk Y		311¼	+34½	682	374	9,721	0.7	27.8
Nat Aust A$		987¾	-7¼	620¼	322	7,464	4.2	13.8
NatWest	◆N□	497xd	—	634	398	8,260	4.7	13.7
Ottomane FFr		£31½	—	£33	£23¾	157.5	4.6	6.2
Ryl Bk Scotland	♣N□	437	+1	528	201	3,470	3.1	19.8
Sakura Y		£8¾	-⅛	£11	£5¾	28,996	0.8	54.6
Sanwa Y		£14⅞	+⅛	£18	£7¾	41,167	0.4	—
Standard Chartd	◆N□	1101xd	+9	1437	578	2,642	2.7	10.8
7 3/8pc Pf		96½xd	-1½	108½	94	98.5	9.8	—
Sumitomo Y		£13⅞	+⅛	£18¼	£8⅞	43,597	0.4	29.9
Sumitomo Tst Y		988¼	+13	988¼	437½	12,298	0.5	77.8
TSB	N□	230xd	-4	291	145½	3,630	4.0	16.2
Tokai Y		£7⅛	+⅛	£9⅞	£4⅞	15,867	0.7	52.3
Toyo Tst & Bk Y		725¼	+8¼	840	411	5,704	0.1	64.7
Westpac A$		248	-1	289	121	4,312	2.2	ф
Yasuda Tst Bk Y	‡	592¾	+6½	690	343	6,627	0.6	52.8

BREWERIES

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

BUILDING MATS. & MERCHANTS - Cont.

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

ENGINEERING, VEHICLES - Cont.

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD MANUFACTURERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service

INVESTMENT COMPANIES

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OIL, INTEGRATED - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£23½	—	£23½	£7½	1,404	3.1	♦
Barlow		[illegible]	—	[illegible]	[illegible]	[illegible]	7.4	6.1
Gold Fields SA R		£14¾	-⅛	£18	£7⅛	1,393	2.8	24.3
MK Props.		90	—	87	88	3.62	8.9	37.8
SASOL	♥	354	+1	381	215	2,005	4.4	-
SA Brews		£13¾	-⅛	£15¼	£7⅜	7,276	2.0	22.2
Tiger Oats		788	-12	838	513	1,183	2.1	18.8
Tongaat-Hulett	†	556	-15	583	212	415.4	2.7	15.5

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, including exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. *The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.*

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♦ Figures or report awaited
- ♦ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. s Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. e Not subject to ACT. z Dividend yield includes a special payment. F Yield based on prospectus or other official estimates for 1994-95. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1993. K Yield based on prospectus or other official estimates for 1994. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1993-94. N Figures based on IIMR 'Headline Earnings'. P Figures based on prospectus or other official estimates for 1994. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code **FT7738.** Ring *081-770 0770 (open 24 hours including* weekends) or Fax 081-770 3822. If calling from outside the UK, ring +44 81 770 0770 or fax +44 81 770 3822. Reports will be sent the next working day, subject to availabilty.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, international) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set at the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: *The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.*

SCHEME PARTICULARS AND **REPORTS:** The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

T.U. Fund Managers Limited (1200)H

Templeton Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1200)F

Waverley Unit Tst Mngmt Ltd (1000)F

OTHER UK UNIT TRUSTS

INSURANCES

Abbey Life Assurance Co Ltd

Abbey National Life Plc

Aetna Life Assurance Ltd

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

S-E-Banken Life Assurance Co Ltd

Save & Prosper Group

Scottish Amicable

Scottish Equitable plc

Scottish Life Investments

Scottish Mutual Assurance plc

Scottish Provident Group

Scottish Widows' Group

Skandia Life Assurance Co Ltd

Standard Life Assurance Company

Sun Alliance Group

Sun Life Unit Assurance Ltd

Target Life Assurance Co Ltd

Tunbridge Wells Equitable

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Foreign & Colonial Mngmt (Jersey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
US$ Cash	$11.221		+0.002	-
Sterling Cash	£13.382			-
US$ Bonds	$18.848		+0.028	-
Multicurrency Bonds	$22.386		-0.052	-
Sterling Bonds	£16.939		+0.028	-
D Mark Bonds	DM12.794		+0.028	-
European Bonds	Ecu14.978		+0.030	-
UK Equities	£13.584		-0.100	-
US Equities	$10.812		-0.052	-
Japanese Equities	Y882.8		+1.5	-
Cont Euro Equities	DM21.134		-0.059	-
UK Negative Equities	£10.839		+0.087	-
US Negative Eq	$10.159		+0.028	-
Japanese Negative Eq	Y779.1		-1.3	-
UK Geared Equities	£9.914		+0.156	-
US Geared Equities	$10.004		-0.061	-
Japanese Geared Eqs	Y1093.7		+4.2	-
Cont Euro Geared Eqs	DM10.001		-0.100	-
Gold	$11.204		-0.052	-
Protected Capital Plus A	£11.325		-0.01	-
Protected Capital Plus B	£10.937		-0.041	-

Greece Fund Ltd

NAV Mar 10	$23.67		-	-

John Govett Management (Jersey) Ltd

	$22.8175		-	-
Paragon Fd NAV Feb 28	$10.30		-	-
	$9.99		-	-
	$11.45		-	-
	$11.1414	11.92	-	-
	$13.54		-	-
	$7.54		-	-
Govett India Fund	$11.47	11.66	-	-
	£10.2484	10.9122	-	-
	£10.1709	10.85	-	-
		10.40	-	-
	£13.45	14.71	-	-
	$9.34	10.21	-	-
	$8.82	9.38	-	-

INVESCO International Limited

All Funds deal daily except where indicated.

American Equity Inc	£1.9195	2.0600	+0.0230	3.12
Japan Inc & Grwth	£2.1000	2.2540	-0.0050	1.42
	£5.8560	6.2290	-0.0390	
	£2.1150	2.2560	+0.0050	1.39

Commercial Union Luxembourg SA - Contd.

Reserve Funds

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Dollar Reserve Acc	$-	18.7710			-	1.42
Dollar Reserve Div	$-	0.9371			-	1.42
Yen Reserve Acc	Y-	1052	1083		-	1.86
Yen Reserve Div	Y-	972	1002		-	1.86
D'mark Reserve Acc	DM-	12.1483	12.389		-	5.16
D'mark Reserve Div	DM-	10.8027			-	5.10
Stg Reserve Acc	£-	1.3992	1.433		-	4.52
Stg Reserve Div	£-	0.9892	1.0080		-	4.52

Bond Funds

D'mark Bond Acc	DM-	59.6375			+0.22	5.10
Peseta Bond Acc	Pta-	307	316		-	6.27
Peseta Bond Div	Pta-	209	211		-	6.27
Sterling Bond Acc	£-	168.7210			-7.77	8.10
US $ Bond Acc	$-	144.8227			+0.08	3.66
Worldwide Bond Acc	SFr-	72.4705			+0.25	5.37

Creswale Group (u)

11 Rue Aldringen, L-1118 Luxembourg 071-357 6400

Managed Convertible (d)	$-		2.23		-	-
Equity Wrnt (Japan) (r)	$-		2.04		-	-
Hedge Fund	£-		21.44		-	-
Hedge Fund US$	$-		19.30		-	-
Hedge (£)	£-		96.09		-	-

DB Investment Management SA

2 Boulevard Konrad Adenauer, Lux. 010 352 421811

Eurorenta	DM-	86.94	89.04		+1.38	-
Dollarrenta	$-	55.99	57.68		+0.64	-
DM Reserve	DM-	159.78	161.38		+1.93	-

Den norske Bank

2 Boulevard Royal, Lux 010 352 4590 3271

DnB Inv Nordic Eq Cap	NKr-	13660.89			-8.25	-
DnB Inv Nordic Eq Cap	NKr-	13124.73			+12.55	-

Dieu Income Fund

69 Blvd Petrusse, L 2320, Luxembourg (352) 407330

DISA Income	R-	48.91			-	16.06

Dolphin Intl Investments (u) SICAV

14 rue Aldringen, L-1118 Luxembourg 0534 27301

Cont'l Capital Builder	$-		1.3660		-	-
Intl Growth & Income	$-		8.4770		-	-
International Bond	$-		5.3768		-	-

Dresdnerbank Asset Mngmt SA (z)

6A route de Treves L-2633 Senningerberg 010 352 4634821

DR-Lux Bondspezial	DM-	76.96	79.28		-	-
DR-Lux Bondspezial	DM-	91.51	94.28		-	-

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

CURRENCIES AND MONEY

MARKETS REPORT

Sales data knock pound

Hopes for an early UK interest rate cut received a boost yesterday from the release of weaker than anticipated retail sales figures which added to doubts about the strength of the UK economic recovery, *writes Philip Gawith.*

February retail sales fell by 0.5 per cent compared to the 0.2 per cent growth expected in the market. Sterling finished the day weaker as a result, closing in London at DM2.5227 from DM2.53 on Tuesday.

Across the Atlantic, a 0.3 per cent rise in February consumer prices, in line with market expectations, dampened hopes of a tightening in US monetary policy this week. The dollar, which was trading at DM1.6970 before the figures, lost 0.6 pfennigs to close at DM1.691.

In Germany, meanwhile, the Bundesbank cut the repo rate by 6 basis points at its weekly tender - also in line with market forecasts, but double the three basis points of each of the last two cuts.

■ Like the curate's egg, UK economic releases were good in parts. Countering the retail sales number, which hinted at an economic slowdown, was the 38,000 fall in February unemployment, considerably more robust than the general expectation of a 15,000 fall.

The market focused on retail sales and sold sterling. This downward move was helped by the weaker dollar, with the pound unable to rise past the $1.50/51 level against the US currency. Mr Jeremy Hawkins, senior economic adviser at the Bank of America, said the figures had "increased the prospect of a Bank of England rate cut, irrespective of what the Bundesbank does (today)."

Following the controversy of the previous rate cut - on February 8 - he predicted that the Bank would "be very keen to make sure it has the economic justification this time." The general view is that if the retail prices number next week is low, then this will open the way for another 25 basis point cut.

The data was positively received in the sterling futures market with the June contract rising by four points to 94.86. The December contract was eight points higher at 94.52, while the longer contracts for March and September 1995 were up by 14-15 points.

Dealers said speculation about a rate cut would continue to weigh on sterling where sentiment is anyway depressed. Mr Stuart Frost, technical analyst at Natwest Treasury, said dealers saw repeated sterling resistance at the $1.50/51 level as an opportunity to make money.

Sterling has also been hitting a ceiling at DM2.53 against the D-Mark. Mr Frost predicts that if it falls through the "key technical level" of DM2.52, technical dealers will sell the currency.

Liquidity conditions in the UK discount market were again fairly tight with overnight rates rising to a high of 9 per cent in mid-afternoon. This followed the market realisation that the Bank of England was not going to offer a repo. After revising the estimated shortage to £950m, the Bank purchased £127m bills outright before offering £630m of late assistance.

■ Following the fairly subdued producer price data on Tuesday, the dollar drifted lower when consumer inflation came in line with the market forecast. The February Consumer Price Index (CPI) and the "core" rate, which excludes food and energy, both rose 0.3 per cent.

Mr Hawkins said the market's reaction had been predictable with some buying of the dollar before the lunchtime data release, and light profit-taking afterwards. He said the general consensus was that although the next policy tightening from the Fed was just a matter of time, it would probably now only come through next week.

The caveat to this scenario is the release today of the Philadelphia Fed survey. Last month the Fed tightened policy when the Philadelphia report showed inflation pressures after a good set of core inflation figures.

The dollar fell back against the yen, closing at Y105.750 from Y106.150. Although the US currency has been firmer recently, analysts said renewed weakness probably flowed from the combative stance taken earlier this week by Mr Mickey Kantor, the US trade secretary.

This showed that while the Motorola dispute might have been settled, the broader trade dispute between the two countries remained very much alive.

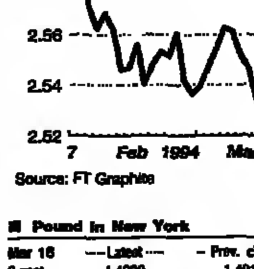
■ The D-Mark was barely changed in Europe yesterday after the Bundesbank repo cut. It closed at FFr3.399 against the French franc from FFr3.398 and L987.5 from L985.4 against the Italian lira.

Although the repo cut was broadly in line with expectations, it disappointed the futures market and the three-month euromark contract was three basis points lower at 94.57 yesterday evening. The December contract was unchanged at 95.04.

Mr Nick Parsons, chief economist at CIBC, said the repo cut was "very encouraging". He said if the Bundesbank continued to cut at the current rate - 12 basis points in the past two weeks - the discount rate could fall to 3.25 per cent by next year from 5.25 per cent.

Sterling

Against the D-Mark (DM per £)



Source: FT Graphite

■ **Pound in New York**

Mar 16	---Latest---	- Prev. close -
£ spot	1.4930	1.4910
1 mth	1.4909	1.4888
3 mth	1.4880	1.4863
1 yr	1.4823	1.3965

■ **OTHER CURRENCIES**

Mar 16	£	$
Hungary	154.416 - 154.672	103.540 - 103.840
Iran	2605.00 - 2611.00	1748.00 - 1750.00
Kuwait	0.4438 - 0.4453	0.2976 - 0.2980
Poland	32842.1 - 32884.1	22021.0 - 22021.0
Russia	2564.75 - 2572.25	1707.00 - 1712.00
U.A.E.	5.4774 - 5.4887	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Mar 15		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.7477	-0.0496	380 - 573	17.7996	17.7096	17.7439	0.3	17.7383	0.2	-	-	113.8
Belgium	(BFr)	51.9361	-0.1789	112 - 609	52.1032	51.8421	51.9811	-1.0	52.0711	-1.0	52.2861	-0.7	114.8
Denmark	(DKr)	9.8549	-0.0207	501 - 597	9.8823	9.8364	9.8638	-1.1	9.8785	-1.0	9.9133	-0.6	115.0
Finland	(FM)	8.2131	-0.0489	028 - 233	8.3000	8.1910	-	-	-	-	-	-	81.6
France	(FFr)	8.5762	-0.0222	716 - 806	8.6031	8.5581	8.5844	-1.2	8.6009	-1.2	8.6228	-0.5	109.6
Germany	(DM)	2.5227	-0.0073	215 - 239	2.5360	2.5195	2.5243	-0.8	2.5274	-0.8	2.5276	-0.2	123.2
Greece	(Dr)	367.082	-1.095	586 - 578	368.423	366.406	-	-	-	-	-	-	-
Ireland	(I£)	1.0406	+0.0007	393 - 416	1.0416	1.0387	1.0415	-1.0	1.0431	-1.0	1.0489	-0.8	102.7
Italy	(L)	2491.10	-2.17	952 - 268	2495.73	2484.77	2497.8	-3.1	2511.8	-3.3	2561.6	-2.8	75.7
Luxembourg	(LFr)	51.9361	-0.1789	112 - 609	52.1032	51.8421	51.9611	-1.0	52.0711	-1.0	52.2861	-0.7	114.8
Netherlands	(Fl)	2.8338	-0.0085	316 - 353	2.8428	2.8285	2.8333	0.1	2.8347	-0.2	2.8315	0.1	118.4
Norway	(NKr)	10.9269	-0.023	217 - 320	10.9641	10.9040	10.9212	0.6	10.9338	-0.3	10.9249	0.0	84.9
Portugal	(Es)	259.517	-0.303	355 - 676	260.048	257.768	260.492	-4.5	262.437	-4.5	-	-	-
Spain	(Pta)	206.956	-0.572	812 - 100	207.786	206.592	207.516	-3.2	208.666	-3.3	212.696	-2.8	85.0
Sweden	(SKr)	11.7226	-0.0322	130 - 321	11.7722	11.6911	11.7426	-2.0	11.7781	-1.9	11.8871	-1.4	76.5
Switzerland	(SFr)	2.1394	-0.0106	379 - 408	2.1524	2.1333	2.1376	1.0	2.134	1.0	2.1129	1.2	117.7
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	80.6
Ecu	-	1.3065	-0.0031	055 - 075	1.3095	1.3039	1.3078	-1.2	1.3102	-1.1	1.316	-0.7	-
SDR	-	0.837418	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4918	-0.0004	907 - 918	1.4916	1.4851	-	-	-	-	-	-	-
Brazil	(Cr)	1144.89	+18.15	450 - 528	1145.28	1122.00	-	-	-	-	-	-	-
Canada	(C$)	2.0310	-0.0028	299 - 321	2.0345	2.0243	2.0284	1.6	2.0261	1.0	2.0274	0.2	88.5
Mexico	(New Peso)	4.9188	-0.0405	097 - 279	4.9355	4.9097	-	-	-	-	-	-	-
USA	($)	1.4918	+0.0004	914 - 924	1.4925	1.4855	1.4898	1.7	1.4873	1.2	1.4825	0.6	68.2
Pacific/Middle East/Africa													
Australia	(A$)	2.0906	+0.0178	891 - 920	2.0920	2.0694	2.0891	0.9	2.0867	0.7	2.0848	0.3	-
Hong Kong	(HK$)	11.5251	+0.0028	205 - 297	11.5297	11.4752	11.5127	1.4	11.5067	0.6	11.4576	0.6	-
India	(Rs)	46.8026	+0.0182	615 - 241	46.8241	46.6060	-	-	-	-	-	-	-
Japan	(Y)	157.769	-0.554	641 - 896	158.450	157.420	157.389	2.9	156.669	2.8	153.534	2.7	184.1
Malaysia	(M$)	4.0677	-0.0123	648 - 705	4.0764	4.0513	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.5886	+0.0012	861 - 910	2.5910	2.5759	2.5915	-1.3	2.5958	-1.1	2.6044	-0.6	-
Philippines	(Peso)	41.1393	+0.0111	644 - 141	41.4141	40.8534	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.5947	+0.0013	925 - 968	5.5968	5.5708	-	-	-	-	-	-	-
Singapore	(S$)	2.3651	-0.0022	636 - 666	2.3671	2.3587	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.1475	-0.0016	448 - 503	5.1514	5.1302	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.8106	+0.0169	008 - 203	6.8203	6.7812	-	-	-	-	-	-	-
South Korea	(Won)	1202.85	+0.32	237 - 332	1203.32	1197.78	-	-	-	-	-	-	-
Taiwan	(T$)	39.4066	+0.033	678 - 292	39.4292	39.2500	-	-	-	-	-	-	-
Thailand	(Bt)	37.7675	-0.0048	473 - 876	37.7976	37.6130	-	-	-	-	-	-	-

†SDR rate for Mar 15. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 16		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan Index
Europe													
Austria	(Sch)	11.8960	-0.0365	935 - 985	11.9445	11.8840	11.8165	-2.1	11.9435	-1.8	11.9535	-0.6	103.1
Belgium	(BFr)	34.8120	-0.128	070 - 170	34.9720	34.7950	34.892	-2.8	35.012	-2.3	35.272	-1.3	104.2
Denmark	(DKr)	6.6056	-0.0157	048 - 066	6.6300	6.5993	6.6211	-2.8	6.6441	-2.3	6.6886	-1.2	106.8
Finland	(FM)	5.5051	-0.0343	001 - 101	5.5675	5.4934	5.5108	-1.3	5.5161	-0.8	5.5213	-0.3	78.1
France	(FFr)	5.7485	-0.0195	475 - 495	5.7715	5.7375	5.7622	-2.9	5.7833	-2.4	5.8167	-1.2	105.0
Germany	(D)	1.6910	-0.0053	907 - 912	1.6980	1.6880	1.6945	-2.4	1.6996	-2.0	1.7051	-0.8	104.6
Greece	(Dr)	246.050	-0.8	800 - 300	247.700	245.800	249.7	-17.8	256.56	-17.1	285.05	-15.9	71.1
Ireland	(I£)	1.4338	-0.0005	925 - 350	1.4350	1.4276	1.4303	2.9	1.4254	2.3	1.4113	1.6	-
Italy	(L)	1669.75	-1.8	925 - 025	1675.00	1667.50	1676.5	-4.9	1688.85	-4.6	1728.25	-3.5	76.4
Luxembourg	(LFr)	34.8120	-0.128	070 - 170	34.9720	34.7950	34.892	-2.6	35.012	-2.3	35.272	-1.3	104.2
Netherlands	(Fl)	1.8993	-0.0062	988 - 998	1.9090	1.8976	1.9022	-1.9	1.906	-1.4	1.9098	-0.6	103.8
Norway	(NKr)	7.3241	-0.0174	231 - 251	7.3560	7.3166	7.3348	-1.8	7.3473	-1.3	7.3601	-0.5	96.0
Portugal	(Es)	173.950	-0.25	900 - 000	174.600	173.150	174.93	-6.6	176.39	-5.6	181.55	-4.4	93.1
Spain	(Pta)	138.720	-0.42	670 - 770	139.350	138.560	139.295	-5.0	140.31	-4.6	143.47	-3.4	80.3
Sweden	(SKr)	7.8675	-0.0237	537 - 612	7.9018	7.8496	7.8845	-4.1	7.9216	-3.3	8.0225	-2.1	82.2
Switzerland	(SFr)	1.4340	-0.0075	335 - 345	1.4438	1.4320	1.4348	-0.7	1.4349	-0.3	1.4253	0.6	104.0
UK	(£)	1.4919	+0.0004	914 - 924	1.4925	1.4855	1.4898	1.7	1.4873	1.2	1.4825	0.6	89.4
Ecu	-	1.1419	+0.0029	414 - 424	1.1430	1.1377	1.1392	2.9	1.1352	2.4	1.1274	1.3	-
SDR	-	1.39787	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9996	-	995 - 996	1.0000	0.9980	-	-	-	-	-	-	-
Brazil	(Cr)	767.405	+11.97	400 - 410	767.410	767.390	-	-	-	-	-	-	-
Canada	(C$)	1.3614	-0.0022	611 - 616	1.3645	1.3611	1.3617	-0.2	1.3623	-0.3	1.3678	-0.5	84.8
Mexico	(New Peso)	3.2970	-0.028	920 - 020	3.3100	3.2950	3.2986	-0.6	3.3014	-0.5	3.312	-0.5	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	101.1
Pacific/Middle East/Africa													
Australia	(A$)	1.4013	-0.0116	008 - 017	1.4031	1.3889	1.4024	-0.8	1.4052	-1.1	1.4128	-0.8	88.4
Hong Kong	(HK$)	7.7251	-0.0002	246 - 256	7.7262	7.7246	7.7266	-0.1	7.7296	-0.2	7.7486	-0.3	-
India	(Rs)	31.3713	+0.0038	679 - 750	31.3720	31.3650	31.4363	-2.5	31.5713	-2.6	-	-	-
Japan	(Y)	105.750	-0.4	700 - 800	106.290	105.700	105.645	1.2	105.345	1.5	103.56	2.1	146.0
Malaysia	(M$)	2.7265	-0.009	255 - 275	2.7340	2.7240	2.7205	2.6	2.704	3.3	2.7786	-1.6	-
New Zealand	(NZ$)	1.7351	+0.0003	340 - 361	1.7361	1.7322	1.7367	-1.1	1.7412	-1.4	1.7564	-1.2	-
Philippines	(Peso)	27.5750	-	000 - 500	27.7500	27.4000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7500	-0.0002	498 - 502	3.7502	3.7498	3.7524	-0.8	3.7588	-0.7	3.7755	-0.7	-
Singapore	(S$)	1.5853	-0.0019	848 - 858	1.5870	1.5848	1.5853	0.0	1.5853	0.0	1.6088	-1.6	-
S Africa (Com.)	(R)	3.4503	-0.002	495 - 510	3.4540	3.4495	3.4646	-5.0	3.4933	-5.0	3.5908	-4.1	-
S Africa (Fin.)	(R)	4.5650	+0.01	600 - 700	4.5750	4.5550	4.596	-8.1	4.66	-8.3	-	-	-
South Korea	(Won)	806.250	-	200 - 300	806.700	806.200	809.26	-4.5	812.75	-3.2	831.25	-3.1	-
Taiwan	(T$)	26.4150	+0.015	100 - 200	26.4200	26.4000	26.5175	-4.7	26.665	-3.8	-	-	-
Thailand	(Bt)	25.3150	-0.01	100 - 200	25.3200	25.3100	25.385	-3.3	25.525	-3.3	25.665	-1.4	-

†SDR rate for Mar 15. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan indices shown for Mar 16. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar.16		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.97	16.51	4.858	2.004	4796	5.456	21.04	499.6	398.3	22.56	4.118	1.925	3.610	2.873	303.8	2.514
Denmark	(DKr)	52.70	10	8.702	2.560	1.056	2528	2.876	11.09	263.3	209.9	11.89	2.170	1.015	2.061	1.514	160.1	1.325
France	(FFr)	60.56	11.49	10	2.942	1.214	2905	3.305	12.74	302.6	241.3	13.67	2.494	1.166	2.369	1.740	184.0	1.523
Germany	(DM)	20.59	3.906	3.399	1	0.413	987.3	1.123	4.332	102.9	82.01	4.645	0.848	0.396	0.805	0.591	62.54	0.518
Ireland	(I£)	49.89	9.467	8.238	2.424	1	2393	2.722	10.50	249.3	198.8	11.26	2.055	0.961	1.951	1.433	151.6	1.255
Italy	(L)	2.085	0.396	0.344	0.101	0.042	100.	0.114	0.439	10.42	8.306	0.470	0.086	0.040	0.082	0.060	6.335	0.052
Netherlands	(Fl)	18.33	3.477	3.026	0.890	0.367	879.0	1	3.857	91.57	73.01	4.135	0.755	0.353	0.717	0.526	55.68	0.461
Norway	(NKr)	47.52	9.016	7.846	2.308	0.952	2279	2.593	10	237.4	189.3	10.72	1.957	0.915	1.858	1.365	144.4	1.195
Portugal	(Es)	20.02	3.798	3.305	0.972	0.401	959.6	1.092	4.212	100.	79.73	4.516	0.824	0.385	0.783	0.575	60.81	0.503
Spain	(Pta)	25.10	4.763	4.145	1.219	0.503	1204	1.370	5.283	125.4	100.	5.665	1.034	0.483	0.982	0.721	76.27	0.631
Sweden	(SKr)	44.32	8.409	7.317	2.153	0.889	2125	2.418	9.326	221.4	176.5	10	1.825	0.853	1.733	1.273	134.6	1.114
Switzerland	(SFr)	24.26	4.607	4.009	1.180	0.487	1165	1.325	5.110	121.3	96.73	5.479	1	0.468	0.950	0.698	73.77	0.611
UK	(£)	51.94	9.855	8.576	2.523	1.041	2491	2.834	10.93	259.5	206.6	11.72	2.139	1	2.031	1.492	157.6	1.306
Canada	(C$)	25.57	4.852	4.223	1.242	0.513	1226	1.395	5.382	127.8	101.9	5.771	1.053	0.492	1	0.735	77.70	0.643
US	($)	34.81	6.605	5.748	1.691	0.698	1670	1.899	7.326	173.9	138.7	7.855	1.434	0.670	1.361	1	105.8	0.876
Japan	(Y)	329.2	62.45	54.35	15.99	6.597	15786	17.96	69.26	1644	1311	74.27	13.56	6.337	12.87	9.455	1000.	8.276
Ecu		39.77	7.546	6.567	1.932	0.797	1907	2.170	8.369	198.7	158.4	8.974	1.638	0.766	1.555	1.142	120.8	1

Yen per 1,000: Danish Kroner, French Franc, Norwegian Kroner and Swedish Kroner per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

EMS EUROPEAN CURRENCY UNIT RATES

Mar 16	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. Ind.
Ireland	0.808628	0.796196	+0.001318	-1.54	4.75	10
Netherlands	2.19672	2.17139	-0.00046	-1.15	4.34	-
Belgium	40.2123	39.7865	-0.0321	-1.06	4.24	6
Germany	1.94964	1.93251	-0.00054	-0.88	4.05	-
France	6.53883	6.56966	-0.0022	0.47	2.65	-4
Denmark	7.43679	7.54894	+0.00334	1.51	1.60	-10
Spain	154.250	158.645	-0.111	2.85	0.28	-20
Portugal	192.854	198.901	-0.343	3.14	0.00	-21
NON ERM MEMBERS						
Greece	264.513	261.317	-0.023	6.35	-3.03	-
Italy	1793.19	1905.36	-2.52	6.26	-2.94	-
UK	0.786749	0.765897	+0.00186	-2.65	5.84	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.

(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.5867	0.5882	+0.0016	0.5883	0.5859	42,296	85,717
Sep	0.5849	0.5860	-0.0014	0.5860	0.5849	51	2,703
Dec	0.5860	0.5860	+0.0022	0.5860	0.5860	21	131

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.9456	0.9483	-0.0027	0.9484	0.9450	20,705	47,447
Sep	0.9520	0.9526	-	0.9526	0.9515	284	1,592
Dec	-	0.9563	-	-	-	14	403

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.6929	0.6967	-0.0040	0.6970	0.6924	25,883	32,427
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.4860	1.4840	-0.0032	1.4868	1.4812	10,311	24,787
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Apr	May	Jun	PUTS Apr	May	Jun
1.400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.425	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.450	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.475	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1.525	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

WORLD INTEREST RATES

MONEY RATES

[illegible]

■ **THREE MONTH EUROMARK FUTURES** (LIFFE) DM1m points of 100%

[illegible]

■ **THREE MONTH EUROLIRA INT. RATE FUTURES** (LIFFE) L1000m points of 100%

[illegible]

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

[illegible]

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

[illegible]

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

[illegible]

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

[illegible]

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

[illegible]

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

[illegible]

EURO CURRENCY INTEREST RATES

[illegible]

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris interbank offered rate

[illegible]

■ **THREE MONTH EURODOLLAR** (LIFFE) $1m points of 100%

[illegible]

UK INTEREST RATES

LONDON MONEY RATES

[illegible]

UK clearing bank base lending rate 5¼ per cent from February 8, 1994

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.60	94.52	-0.08	94.65	94.49	15325	67274

Traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9475	0.06	0.19	0.22	0	0.07	0.22
9500	0	0.07	0.11	0.19	0.20	0.36
9525	0	0.02	0.05	0.44	0.40	0.55

Est. vol. total, Calls 4800 Puts 3494. Previous day's open int., Calls 205878 Puts 196730

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	5.25	Exeter Bank Limited	6.25	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	Standard Chartered	5.25
Bank of Baroda	5.25	Girobank	5.25	TSB	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	●United Bk of Kuwait	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	6.25	Unity Trust Bank Plc	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Western Trust	5.25
Bank of India	5.25	Heritable & Gen Inv Bk	5.25	Whiteaway Laidlaw	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25	Yorkshire Bank	6.25
Barclays Bank	5.25	C. Hoare & Co	5.25		
Brit Bk of Mid East	6.25	Hongkong & Shanghai	5.25		
●Brown Shipley	6.25	Julian Hodge Bank	5.25		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank	5.25	Midland Bank	5.25		
Coutts & Co	5.25	* Mount Banking	6		
Credit Lyonnais	5.25	NatWestminster	6.25		
Cyprus Popular Bank	6.25	●Rea Brothers	5.25		

● Members of British Merchant Banking & Securities Houses Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

Cater Allen Ltd
20 Birchin Lane, London EC3V 9DJ 071-623 2070

HICA	3.75	2.81	3.81	Mth
Deposit £5,000 min	4.50	3.37	4.59	Mth
Overnight	5.00	-	5.11	Mth

Charterhouse Bank Limited
1 Paternoster Row, EC4M 7DH, 071-248 4000

£2,500-£19,999	3.75	2.81	3.82	Mth
£20,000-£49,999	4.00	2.80	4.07	Mth
£50,000-£99,999	4.25	3.19	4.33	Mth
£100,000+	4.50	3.38	4.59	Mth
$5,000-$49,999	1.50	1.13	1.51	Mth
$50,000-$99,999	2.00	1.50	2.02	Mth
$100,000-$199,999	2.25	1.69	2.27	Mth
$200,000+	2.50	1.88	2.53	Mth

Many other currencies are available - for rates please phone ext 2789

Clydesdale Bank Flexible Solution Acc
30 St Vincent Place, Glasgow G1 2HL 041-248 7070

£10,000-£29,999	3.75	2.75	3.78	Qtr
£30,000-£99,999	3.75	2.81	3.80	Qtr
£100,000-£199,999	3.80	2.85	3.85	Qtr

The Co-operative Bank
PO Box 300, Skelmersdale, Lancs 0345 252000

TESSA	5.25	-	-	Yearly
Pathfinder - Card Based Current Account				
All Balances	4.00	3.00	4.01	Mth
Investment 90 - 90 Day Notice Savings				
£50,000+	5.25	3.94	5.32	6-Mth
£25,000-£49,999	4.50	3.38	4.55	6-Mth
£10,000-£24,999	4.00	3.00	4.04	6-Mth
£5,000-£9,999	2.75	2.25	3.02	6-Mth
Top Tier - Instant Access Savings				
£50,000+	3.75	2.81	3.79	6-Mth
£10,000-£49,999	3.25	2.44	3.28	6-Mth
£5,000-£9,999	2.25	1.69	2.26	6-Mth
Business Deposit - Instant Access				
£250,000+	4.50	3.38	4.55	6-Mth
£50,000-£249,999	3.00	2.30	3.09	6-Mth
£10,000-£49,999	2.75	2.06	2.77	6-Mth
£500-£9,999	2.25	1.69	2.26	6-Mth

30-90 day notice available Tel 061-629 5520

Save & Prosper/Robert Fleming
16-22 Western Rd, Romford RM1 3LB. 0800 282101

Client Account	3.75	2.81	3.82	Daily
TESSA Fixed 1 Year	3.93	-	4.00	Mth
TESSA Variable	4.65	-	4.75	Mth

Tyndall Bank plc
29-33 Princess Victoria St, Bristol 0272 744720

HIMA £5000+/Master Plus	3.625	2.719	3.675	Qtr
Deskmaster £1000+/CHCA	3.750	2.813	3.803	Qtr
HIMA £50000+	3.875	2.906	3.932	Qtr
HIMA £100000+	4.000	3.000	4.060	Qtr
Tyndall TESSA	4.375	-	4.447	Qtr

ULC Trust Limited
1 Great Cumberland Pl, London W1H 7AL 071-258 0094

£10,000-90 day notice	6.75	5.06	6.92	3-Mth
£10,000-180 day notice	7.50	5.63	7.64	6-Mth
£25,000 - 1 Year	7.25	5.44	-	Yearly

United Dominions Trust Ltd
PO Box 92, 116 Cockfosters Road, Herts, EN4 0DY 081 447 2438

Capital Plus Cheque Account				
£1,000+	4.75	3.56	4.84	Qtr

J. Henry Schroder Wagg & Co Ltd
120 Cheapside, London EC2V 6DS 071-382 6000

Special Acc.	4.625	3.47	4.70	Mth
£10,000 and above	4.875	3.66	4.98	Mth

Western Trust High Interest Cheque Acc
The Moneycentre, Plymouth PL1 1SE 0752 224141

£15,000+	4.75	3.56	4.84	Qtr
£5,000-£14,999	4.50	3.38	4.58	Qtr
£1,000-£4,999	4.25	3.19	4.32	Qtr

NOTES- Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Crd: Frequency at which interest is credited to the account.

LEGAL NOTICES

No 000717 of 1994

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

IN THE MATTER OF SYSTEMS CONNECTIONS GROUP PLC
AND
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 2nd February 1994 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above named Company from £2,375,000.00 to £164,129.00 and the reduction of the balance standing to the credit of the Share Premium Account of the above named Company from £2,357,527.00 to £105,157.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London, WC2A 2LL on Wednesday the 30th day of March 1994.

Any Creditor or Shareholders of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital and the said reduction in the balance to the credit of the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

DATED this 17 day of March 1994

Harris and Harris Solicitors of 11 Stony Street Frome Somerset BA11 1BU (reference JEC/F118/41)

Solicitors for the above named Company.

In the High Court of Justice No 00256 of 1994
Chancery Division

IN THE MATTER OF
WEST TRUST PLC
and
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 23rd February 1994 confirming the reduction of the share premium account of the above-named Company from £2,705,769.52 to £1,611,792.52 was registered by the Registrar of Companies on the 26th day of February 1994.

Dated this 17th day of March 1994

Edge & Ellison
18/19 Southampton Place
London WC1A 2AJ
Solicitors for the above-named Company

COMPANY NOTICES

WORLD STOCK MARKETS

EUROPE

[illegible]

PACIFIC

[illegible]

NORTH AMERICA

[illegible]

AFRICA

[illegible]

■ TOKYO - MOST ACTIVE STOCKS: Wednesday, March 16, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Kawasaki Steel	18.5m	373	+10	Sumitomo Chem	7.1m	489	+21
Nippon Steel	16.0m	356	+2	Sumitomo Mtl Ind	7.0m	284	+4
NKK	9.4m	262	+1	Toshiba	6.9m	802	+7
Hitachi	8.7m	957	+3	Nisshin Steel	6.7m	448	+12
JAL	7.6m	693	+42	Isuzu Motors	6.5m	462	+10

INDICES

[illegible]

Japan							
Nikkei 225 (16/5/49)	20677.77	20508.85	20526.15	21146.11	13/9/93	16078.71	29/11/93
Nikkei 300 (1/10/82)	304.03	302.31	301.88	306.84	10/11/93	249.84	29/11/93
Topix (4/1/68)	1653.27	1642.94	1639.87	1698.67	3/9/93	1258.66	25/1/93
2nd Section (4/1/68)	2213.77	2211.34	2208.03	2394.97	7/6/93	1651.72	26/1/93
Malaysia							
KLSE Comp.(4/4/86)	(c)	(c)	(c)	1314.46	5/1/94	614.26	13/1/93

** Sat Mar 12: Taiwan Weighted Price 5271.10; Korea Comp Ex 903.42. Base values of all indices are 100 except: Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 26 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. † IBIS/DAX after-hours index: Mar 16 - 2168.11 -10.80

US INDICES

Dow Jones	Mar 15	Mar 14	Mar 11	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Industrials	3849.59	3862.98	3862.70	3978.36 (31/1/94)	3241.95 (20/1/93)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	102.17	102.34	102.31	108.77 (18/10/93)	102.17 (15/3/94)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1734.50	1726.12	1721.04	1862.29 (2/2/94)	1453.84 (4/1/93)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	207.03	208.61	208.79	256.46 (31/8/93)	207.03 (15/3/94)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3888.46 (3884.21) Low 3826.85 (3835.96) (Theoretical♦)
Day's high 3872.05 (3871.14) Low 3839.23 (3856.22) (Actual♦)

Standard and Poors	Mar 15	Mar 14	Mar 11	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Composite ‡	467.01	467.39	466.44	482.00 (2/2/94)	429.05 (8/1/93)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	547.85	548.84	547.43	580.59 (2/2/94)	495.48 (26/4/93)	580.59 (2/2/94)	3.62 (21/6/32)
Financial	43.81	43.50	43.23	48.40 (28/9/93)	39.89 (8/1/93)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	258.99	259.01	258.53	267.71 (2/2/94)	236.21 (8/1/93)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	468.13	468.05	465.98	487.89 (2/2/94)	395.84 (8/1/93)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Comp	793.52	792.80	789.20	808.47 (31/1/94)	645.87 (26/4/93)	808.47 (31/1/94)	54.87 (31/10/72)

■ RATIOS

	Mar 11	Mar 4	Feb 25	Year ago
Dow Jones Ind. Div. Yield	2.61	2.62	2.62	2.98
	Mar 9	Mar 2	Feb 23	Year ago
S & P Ind. Div. yield	2.37	2.39	2.36	2.48
S & P Ind. P/E ratio	24.53	24.34	28.09	26.18

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Mar	466.60	467.10	+0.80	467.10	466.60	26,896	71,707
Jun	467.60	467.90	+0.25	468.25	467.50	87,322	158,270
Sep	-	-	-	-	-	-	-

Open interest figures are for previous day.

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
Mar	2262.0	2260.0	-5.0	2268.0	2246.5	23,881	45,138
Apr	2271.0	2270.5	-5.5	2273.0	2257.0	957	4,212
May	2275.0	2274.5	-5.0	2275.5	2264.0	1,810	2,933

Open interest figures for previous day.

■ NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Close price	Change on day
Catellus	9,155,100	7⅛	-⅛
Telefonos	8,930,300	60⅜	-1⅝
Kemper	3,877,000	61¾	+4¾
Pepsico	3,044,800	38⅝	+⅞
Philip Morris	3,012,100	56	-⅛
Am T & T	2,935,000	52⅝	+1⅛
Time Warn	2,837,500	40	+1
Adv Micro	2,653,500	28⅜	+⅜
Amer Expr	2,802,900	29⅝	+⅛
Life Ptnr	2,518,300	17½	+¼

■ TRADING ACTIVITY

● Volume (million)

	Mar 15	Mar 14	Mar 11
New York SE	303.263	280.139	303.211
Amex	15.101	18.022	16.523
NASDAQ	(u)	265.502	279.253
NYSE			
Issues Traded	2,787	2,799	2,762
Rises	1,111	1,153	1,126
Falls	1,005	945	952
Unchanged	671	700	684
New Highs	92	67	44
New Lows	77	82	110

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4 pm close March 16

1993/94 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
17⅜	11½	AAR	0.48	2.8	562	150	u17⅜	16¾	16⅞	-⅛
29⅜	12¾	A L Labs A	0.18	1.1	37	89	16¼	16⅛	16¼	
67¾	54⅜	AMP	1.68	2.8	22	1435	63⅝	63⅛	63⅝	-⅛
72¾	55½	AMR			31	8530	64⅞	62¾	64	+⅞
5	1¾	ARX			18	181	4⅞	4¾	4⅞	+⅛
59⅛	29⅞	ASA	2.00	4.8	29	419	45⅛	44½	44¾	-⅝
30¾	22⅝	AbbotL	0.76	2.7	18	6288	29⅝	28	28¼	-¼
13¼	9¼	AbitGbl Pr	0.22	3.7	8	240	13⅝	13½	13½	-⅛
15⅝	6⅛	Acptncein			21	18	11⅞	11⅞	11⅞	+⅛
36	25½	ACE Ltd	0.40	1.5	4	576	26⅝	26⅜	26½	-⅜
12⅝	10¼	ACM Gvt In	1.60	9.4		122	11¾	11⅝	11¾	-⅛
10⅛	8¾	ACM GvOpp	0.80	8.7		33	9¼	8⅞	9⅛	-⅛
10⅝	8¾	ACM Gvt Sp	0.95	10.1		345	9½	9¼	9½	+⅛
12¼	10½	ACM Gvt Se	1.09	10.1		676	10⅞	10¼	10⅞	+¼
12¼	9⅝	ACM Man	1.06	10.8		338	16	5¾	10	+¼
9⅜	8⅝	ACM Managd	0.72	8.2		129	8¾	8⅝	8¾	
12⅜	7¾	AcmeCle	0.44	4.7	11	102	9½	9⅜	8¼	
11⅜	6⅜	Acme Elect			34	35	6¼	7⅞	6	-¼
28⅛	18⅛	Acordia x	0.60	2.1	14	200	u28⅛	27⅞	28	+¼
9¼	6⅛	Actava x	0.36	5.4	2	234	6⅞	6⅝	6⅝	-¼
18	10⅜	Acuson			99	397	13	12⅞	12⅞	-⅛
21¾	17⅜	Adams Expr	0.36	2.0	0	99	17¾	17⅝	17¾	
66¼	45½	Ad Micro	3.00	5.0		1212	60⅝	59	60⅜	+1¼
32¾	18⅛	AdvMic	3.00	10.2	12	24564	29¾	39¾	29½	+⅞
8⅛	6⅛	Advest Grp	0.16	2.5	10	59	6½	6⅜	0½	
24¾	14¾	Advo Inc	0.16	0.5	125	160	18⅞	18¾	18¾	-¼
00½	41⅛	Aegon ADR	1.23	2.4	11	48	51⅝	50⅝	51½	+¼
66¼	43⅜	AetnaL	2.76	4.8	10	2073	57⅞	56¾	57¼	+½
34	24¾	Aflac	0.40	1.3	12	1785	30¼	29⅝	29⅞	+⅛
22⅛	16⅜	Ahmnsn	0.88	5.0	11	2463	17¾	17¼	17¾	+½
7¾	1⅜	Aileen Inc			3	577	3⅝	3⅜	3½	+⅛
[illegible]										

- A - (continued) [illegible]

- B - [illegible]

- C - [illegible]

- D - [illegible]

- E - [illegible]

- F - [illegible]

- G - [illegible]

- H - [illegible]

- I - [illegible]

- J - [illegible]

- K - [illegible]

- L - [illegible]

- M - [illegible]

- N - [illegible]

- O - [illegible]

- P - Q - [illegible]

- R - [illegible]

- S - [illegible]

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NYSE COMPOSITE PRICES

4 pm close March 16

1993/94 High	Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
Continued from previous page										
28½	16⅞	Safeg'd Sc			13	97	u29⅝	28⅞	29⅝	+⅞
24¾	13⅛	SftyKl x	0.36	2.6	7	673	14⅛	13⅝	14	
26¼	10⅞	Safeway			25	3255	25¼	24⅞	25¼	+⅝
6¼	2	SafewayW96				69	5⅞	5⅞	5⅞	
55½	37½	StJoePaper	0.20	0.4	300	301	u57	54¾	57	+2½
37⅞	28	StJosL&P	1.00	6.1	15	8	29⅞	28¾	20¾	-⅛
98	75	StPaul	3.06	3.7	8	787	61⅞	60½	61¾	+1¼
11⅞	6⅞	Salant Crp			10	158	8⅞	8	8¼	
75¼	39⅞	Sallie Mae	1.40	3.1	9	2578	45¼	44¾	45⅛	+⅝
14⅞	12⅝	Salomon Br	0.34	2.5		481	13½	13⅝	13⅞	-⅛
52¾	34	Salomn	0.64	1.2	7	3695	52¼	51	52⅛	+⅝
27¾	21⅛	SnDgGE x	1.52	6.6	12	1013	23⅛	22½	23	+½
17⅞	8⅞	SantaFeERs	0.16	1.7	10	1097	9½	9⅜	9½	+⅛
40¾	35¾	SantaFePac	2.80	7.2	16	106	39¼	38⅞	39⅛	+⅛
26¼	12¾	SonFeP	0.10	0.4	13	3580	24⅝	23¾	24⅛	-⅛
31¼	21	SaraLee	0.64	2.9	15	9351	22¼	21½	22⅛	+⅜
52¼	40⅛	Scana Corp x	2.82	6.1	12	152	46¾	46½	46½	
25¾	18⅞	Scecrp	1.42	8.4	11	8752	17	d16⅞	16⅞	-⅛
40½	23⅞	SchererRP			30	1369	u40½	40	40	-⅛
71	51¾	SchPl	1.38	3.1	13	2859	58⅞	57¼	58⅛	+¾
69⅞	54⅛	Schlmb	1.20	2.1	24	12756	58⅛	58¼	57⅞	+1⅛
38⅞	16½	Schwab(C)	0.28	0.9	14	2889	31	29½	31	+1⅝
9⅝	5⅝	Schwitzer			24	98	8¾	8⅝	8⅝	
38⅞	17¾	SciAtl	0.12	0.4	62	1068	31⅛	30¾	31¼	+½
16⅞	9⅛	Scotman	0.10	0.6	14	11	15½	15¼	15½	+½
46¾	37	ScottP	0.80	1.8	11	2809	46	45⅝	45⅞	-⅛
28⅝	14¼	ScudNAsF x	0.21	0.9		58	23½	23¼	23⅜	-¼
12⅝	7½	ScudNEuF	0.18	1.4		66	11⅝	11½	11½	
31½	16¾	SeaCnB	0.70	4.0	8	z100	17⅜	17⅜	17⅜	+¼
17	15	SeaCt 4625	1.46	9.7		4	15⅛	15⅛	15⅛	-½
31	24½	Seagrm x	0.56	1.9	37	3293	29⅛	28¾	29⅛	+¼
32⅞	15	Seagull En			33	598	25⅜	25⅛	25⅝	+½
32	21	Sealed Air			22	45	28⅞	29¾	29⅞	-⅛
60⅛	42⅝	SearsR	1.60	3.3	7	6549	48¾	48¼	48½	

1993/94 High	Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
53	31¼	Xtra Corp	0.56	1.3	18	587	42¾	42⅜	42½	+⅞
29¼	19½	Yankee Egy x	1.16	5.0	13	70	23⅝	23¼	23⅜	-⅛
47½	31½	York Int	0.16	0.4	19	933	39⅛	38⅝	38⅝	+⅛
1⅝	¾	Zapata			8	274	1⅝	1⅛	1⅞	+⅛
13½	6⅞	ZnithE			3	4455	12⅝	11½	11½	-¾
29¼	19⅝	Zenith Nat	1.00	4.5	7	189	22	21⅝	22	+¾
8	6½	Zenix Inc	0.82	10.7		57	7¾	7⅝	7⅝	-⅛
16⅝	12⅝	Zero	0.40	2.8	16	18	13¾	13⅝	13¾	+¼
40¾	25⅛	Zurn Ind x	0.88	3.2	89	476	27⅞	27½	27⅞	+⅛
13⅞	12⅝	Zweig Fund	1.24	9.2		512	13½	13⅜	13½	
10⅞	9½	Zweig Tot x	0.84	8.3		399	10⅛	10	10⅛	

Price data supplied by Telekurs

Yearly highs and lows for NYSE reflect the period from Jan 1 1993. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

Owing to technical problems, some North American prices in yesterday's FT were pre-close.

AMEX COMPOSITE PRICES

4 pm close March 16

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
Garan	0.80	9	5	28⅝	d28½	28½	-⅛
Giant FdA	0.70	78	381	25⅞	25⅝	25⅞	+¼
Glatfltr	0.70	28	223	17½	18⅞	18⅞	-⅛
Goldfield		11	55	⅝	⅝	⅝	
Greenman		20	72	8⅞	8¾	8¾	-⅛
Gulf Cda	0.34	11	100	3¼	3¼	3¼	+⅛
HanDir		42	912	7¼	7	7¼	
Nat Pint		10	267	4½	4¼	4½	+⅛
NY TmA	0.56	39	1302	28⅛	27⅝	28	+¼
NthCanOil	0.20	9	34	8⅜	8⅜	8⅜	+⅛
NumacE		120	112	6	5⅞	6	+⅛
NVR		12	232	8¾	8⅝	8¾	
Odetics A		34	130	9¾	9¼	9¾	
Oiston	0.24	110	512	33	32½	33	+½
UnitFoodsB	0.20	87	14	1¼	1¼	1⅛	
UnivPtnts		77	8	6⅜	6¼	6¼	-⅛
US Cellul		80	138	27⅝	27⅛	27⅛	-½
Weatherfd		23	2128	9⅝	9	9⅝	+⅝
Westamer	0.80	23	54	27⅞	27⅞	27⅞	-⅛
WRET	1.12	19	266	14	13¾	13⅞	-⅛
Worthen	0.90	18	10	21½	21¼	21½	+¼
Xytronix		6	39	6⅜	5⅞	6¼	+¼

NASDAQ NATIONAL MARKET

4 pm close March 16

AMERICA

Dow ignores bond rally, inflation news

Wall Street

US blue chips eased yesterday morning as investors shrugged off more reassuring news on inflation and a subsequent firming trend in bonds, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 4.03 lower at 3,845.66, while the more broadly based Standard & Poor's 500 was a scant 0.07 better at 467.08. The American SE composite moved 0.48 ahead to 468.61. In keeping with the recent pattern, the Nasdaq composite outperformed other indices. It added 2.88 at 796.69, only 4 points below its all-time closing high.

On the NYSE, equity investors failed to establish a clear direction in spite of a welcome decline in long-term interest rates as reflected in the yield bid on the benchmark 30-year US Treasury bond.

By midday, the return on the long bond dipped nearly 3 basis points to 6.842 per cent, thanks to further evidence of subdued inflation. The Labor Department followed up Tuesday's favourable report on February producer prices with consumer price data which matched the consensus forecast of analysts. The CPI was up 0.3 last month.

The Commerce Department offered additional grounds for a rally in stocks. It suggested the economy had shown resilience last month, reporting a better-than-expected activity in the housing market after January's weather-related plunge.

In spite of these signs that the economy was showing a healthy balance of robust growth and tame inflation, sentiment remained in the doldrums. Some of the decline was linked to program trading, as investors unwound positions ahead of Friday's "triple-witching" expiration of stocks options and futures.

Among cyclical stocks, whose performance is closely linked to economic trends, Caterpillar shed $1¼ to $115¾, but Cummins Engine jumped $2¼ to $48¾. Alcoa added $1 to $74¾, a day after announcing plans to shut a California facility where workers had rejected contract concessions.

In the energy sector, Amoco climbed $2 to $54¾ after Dean Witter Reynolds said thet a coming restructuring could improve profitability.

Nike jumped $5¼ to $58¼ amid optimism over the company's future. After the close of Tuesday's trading, the Oregon-based athletic shoe manufacturer said that worldwide orders for delivery during its first fiscal quarter were 4 per cent ahead of 1993 levels.

Investors also marked up US Surgical on expectations of an imminent return to growth. The stock gained $2¼ to $18¼ after the company said that it would stay in the black during the rest of the year.

Kemper, whose share price jumped over $20 on news of GE Capital's takeover intentions, gave back $1¼ to $60½.

On the Nasdaq, Aldus leapt $6½ to $32¾ after the announcement of a merger between the software developer and Adobe Systems, which shed $2¾ to $29¾.

Canada

Toronto held on to earlier gains in quiet midday trading, aided by a firmer Canadian bond market in response to the morning's US inflation data.

Strength among banking, consumer product and mining groups overcame losses in precious metals and media, taking the TSE 300 composite index 4.82 higher to 4,405.40 in volume of 41.86m shares.

SOUTH AFRICA

Industrials lost the momentum of the past few days and fell 44 to 6,058, while the gold shares index added 18 at 1,983 as the price of bullion remained firm. The overall index relinquished 53 at 5,202. Western Deep moved ahead R1 to R187.

EUROPE

Bourses unsettled, unable to sustain recent rally

Germany trimmed repo rates again, the US CPI data was regarded as encouraging, and there was a Bundesbank meeting today to anticipate. However, bourses were unsettled by Tuesday's setback for the US equity market, and were unable to sustain their recent rally, *writes Our Markets Staff.*

FRANKFURT ran out of steam after the Dax index, at its intraday high of 2,188.10, registered a near 10 per cent gain over its March 2 midsession low of 1,992.70. The key index closed at 2,172.73, down 6.18 from Tuesdey's post-bourse close, and eased further to 2,168.11 in the afternoon.

Turnover rose from DM9.5bn to DM9.7bn. Some financials initially resisted the change in tack amid reasoning that the Bundesbank's easing of its lowest accepted repo rate from 5.94 to 5.88 per cent, while disappointing the optimists, was at least another move in the right direction.

However, while the session saw gains in the big banks - Bayernhypo by DM8.20 to DM464.20, Deutsche by DM7.10 to DM824.50 and Dresdner by DM8.80 to DM415.80 – all three were trimmed back later.

The most noticeable pressures were on former front line cyclicals, with a number of automotive stocks and chemicals stocks showing weakness throughout the day. Volkswagen stood out with a fall of DM13.70 to DM481.50 by the end of the post bourse.

PARIS fell back in the absence of major news, and the CAC-40 index, which had seen a day's high of 2,256, closed off 15.81 at 2,242.71.

Turnover dropped from FFr5bn to FFr3.5bn, reflecting the easier tone of trading.

Legrand was one of the day's better performers, putting on FFr70 to FFr6,070. Goldman Sachs, initiating coverage of the electrical equipment maker, recommended the stock as a long-term outperformer, based on earnings growth arising from steady volume growth and market share gains, while price increases coupled with productivity gains would lead to an improvement in margins.

"In the past, on a cyclical upturn, margins have been squeezed by sharply rising raw material costs. However, this time we believe the impact of rising raw material costs will be more restrained and this is one reason why above average earnings is sustainable in the longer term."

FT-SE Actuaries Share Indices THE EUROPEAN SERIES

Mar 16 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1473.06	1470.79	1469.01	1467.64	1467.29	1466.50	1465.95	1466.28
FT-SE Eurotrack 200	1511.96	1509.25	1507.24	1505.77	1505.29	1506.06	1503.26	1504.22

	Mar 15	Mar 14	Mar 11	Mar 10	Mar 9
FT-SE Eurotrack 100	1469.35	1456.59	1431.65	1445.26	1446.47
FT-SE Eurotrack 200	1513.24	1495.08	1471.69	1494.35	1496.63

Base value 1000 (26/10/90); High/day: 100 - 1473.33; 200 - 1512.28 Low/day: 100 - 1464.83 200 - 1502.21.

AMSTERDAM drifted slightly lower, the AEX index losing 2.03, or 0.5 per cent at 425.24.

Fokker, the aircraft manufacturer, dropped by some 15 per cent at one stage, before finding a measure of support to close Fl 1.90 or nearly 12 per cent down at Fl 14.50. The selling was prompted by a report, denied by the company, that it was to lower the nominal value of the shares.

Last week the group, in which Daimler of Germany holds a majority stake, announced a bigger than expected loss for 1993. James Capel, which maintains a sell recommendation on the stock, commented earlier this week that with a further substantial loss expected in 1994 another capital injection is likely.

On a more positive note Van Ommeren, the transport and tanker group, advanced Fl 1.10 to Fl 50.60 as it forecast improved trading condition this year.

Grolsch, the brewer, put on 70 cents to Fl 49.70 after reporting flat 1993 results and indicating an improvement in 1994.

MILAN turned lower in technically inspired trading on the last day of the the March account as investors prepared themselves for what could be a restrained patch in the run up to the March 27-28 general elections. The Comit index fell 1.31 to 676.75.

Telecommunications stocks retreated after recent strong gains. Sip fell L93 to L4,506, Stet L80 to L4,935 and Italcable L420 to L10,752.

Short covering helped some industrials higher. Montedison rose L36 to L1,247 and Pirelli L48 to L2,302. Olivetti added L68 to L2,578 on further speculation about the prospects of its winning the licence to operate Italy's second mobile telephone licence.

Among the banks, BCI dipped L90 to L6,247 on the last trading day before its privatisation share makes its debut on the bourse.

ZURICH took its lead from weaker bonds and the SMI index fell 19.8 to 2,887.1.

Roche certificates remained at the top of the active list, giving up SFr40 to SFr7,150.

Profit-taking left cyclical issues lower after their recent strong performance. Brown Boveri lost SFr14 to SFr1,220 and Sulzer fell SFr23 to SFr1,045.

MADRID followed the herd, the general index losing 3.06 at 340.17 with profit-taking most obvious in the US-quoted stocks which lifted the market on Monday.

Turnover was slightly down at Pta30.3bn. Telefónica and Repsol were the most active stocks, losing Pta40 to Pta1,925 and Pta110 to Pta4,790 respectively; in utilities, Endesa dropped Pta160 to Pta7,430.

OSLO was helped higher by lower interest rates and a strong rebound in Norsk Skog, the forestry group. The all-share index rose 6.12 to 671.52 in turnover of NKr863m.

Norsk Skog rose NKr15 to NKr185, more than recouping Tuesday's NKr14 fall which followed an announcement that the company was planning share issues to raise up to NKr800m.

ISTANBUL rose 4.25 per cent following a rally at midsession as the overnight borrowing rate was cut from 700 per cent to 200 per cent. The composite index added 616.12 to 15,127.3.

TEL AVIV rose for the second consecutive session although turnover remained moderate and some profit-taking was evident late in the day.

The Mishtanim index put on 3.99 or nearly 2 per cent to 213.81 with shares worth some Shk302m changing hands, against Shk332m on Tuesday.

Written and edited by William Cochrane, John Pitt and Michael Morgan

ASIA PACIFIC

Nikkei average rises to second 1994 high of the week

Tokyo

Share prices rose as heavy arbitrage buying and purchases by foreign investors overwhelmed selling by companies and investment trust funds, and the Nikkei 225 average climbed 0.8 per cent to another 1994 high in active trading, *writes Emiko Terazono in Tokyo.*

The index gained 168.92 at 20,677.77 after a day's low of 20,518.05 and high of 20,781.98. A rise in the Nikkei futures market on the Chicago Mercantile Exchange on Tuesday prompted buying by futures traders in Osaka.

Volume increased to 632m shares from 561m. Overseas investors pursued large-capital stocks, which have been lagging behind the index; dealers and arbitrageurs were also buyers. However, some traders said the substantial volume reflected large-lot arbitrage and dealer activity and did not show real demand.

The Topix index of all first section stocks put on 10.33 at 1,653.27 and the Nikkei 300 added 1.72 at 304.03. Advances led declines by 747 to 289, with 153 issues unchanged. In London the ISE/Nikkei 50 index gained 4.22 at 1,369.76.

Steel companies were higher on foreign buying. Kawasaki Steel, the most active issue of the day, firmed Y10 to Y373.

Chemical and textile shares were perceived as laggards. Mitsubishi Kasei advanced Y27 to Y490, Sumitomo Chemical Y21 to Y489 and Kurabo Industries Y16 to Y432.

Toshiba gained Y7 at Y802 on prospects of firm earnings. Sales are expected to rise in the current year to the end of this month, for the first time in three years; profits are expected to increase for the first time in five years in 1994/95.

However, corporate profit-taking depressed a few consumer electronics stocks. Matsushita Electric Industrial slipped Y30 to Y1,810 and Victor Y50 to Y1,530.

Some financials lost ground on profit-taking. Nomura Securities declined Y20 to Y2,370 and Daiwa Securities Y20 to Y1,740. Daiwa Bank retreated Y40 to Y1,000.

In Osaka, the OSE average was 149.56 higher at 22,587.94 in volume of 145.5m shares. The index gained for the fifth consecutive day on buying by foreign investors.

Roundup

Regional markets put in mixed performances. Kuala Lumpur, Jakarta and Karachi remained on holiday.

HONG KONG fell 1.5 per cent after a rally in the opening minutes, sparked by rises in Hong Kong shares listed in London overnight and positive US economic data, was swiftly reversed.

The Hang Seng index closed 142.95 down at 9,720.61, having been 101 points ahead in early trade. Turnover was a provisional HK$3.48bn.

HSBC Holdings, the day's most active stock in turnover of HK$215.4m, finished HK$1 lower at HK$99.

MANILA recovered from an early fall following PLDT's drop on Wall Street, prompting the view that the market was ready to test higher ground.

The composite index gained 9.44 at 2,642.90 as PLDT lost 25 pesos at 1,890 pesos.

TAIWAN gained ground, boosted by persistent buying of blue chip electronics issues by some new local trust funds. The weighted index moved up 57.10, or 1.1 per cent, to 5,331.34 in thin turnover of T$38.04bn.

Among the electronics groups, Acer, also helped by last week's court verdict in a patent dispute, appreciated T$2 to T$53.50.

AUSTRALIA finished in positive territory, in spite of some late selling. The market drew encouragement from a rally in bonds, which followed the release of local economic growth figures and modest US inflation data.

The All Ordinaries index ended 1.0 up at 2,173.5 after an intraday high of 2,182.8.

SEOUL saw persistent consolidation in blue chips, although there was growing interest for low-priced shares. The composite stock index finished 4.90 off at 906.53.

Bank shares, however, were generally higher on institutional support and expectations that a number of banks were planning rights issues. Commercial Bank of Korea, which topped the actives list with 2.33m shares traded, rose Won290 to Won8,600.

SINGAPORE was easier in spite of a rebound in Malaysian shares traded over the counter. The Straits Times Industrial index shed 4.14 to 2,185.81.

BOMBAY closed stronger, but few deals were done as the ban on forward trading reduced liquidity in the market. The BSE index advanced 33.68 to 3,791.96.

COLOMBO was easier again as the market continued its decline after the 40 per cent rise in the first two months of the year. The all-share index lost 27.59 at 1,240.79.

Emerging markets remain weak

By John Pitt

The world's emerging markets continued a general retrenchment last week, although there were some individnal exceptions, according to data supplied by the IFC.

All the regional indices declined in dollar terms, Latin America by 1.4 per cent, Asia by 2.2 per cent and Europe/Mideast by 4.3 per cent.

Mr Michael Hughes of BZW in London says that while the emerging markets bubble has not burst, there has been a clear change in attitude by investors. "There has been an adjustment in tactics, rather than strategy," he maintains.

Investors have been looking at economic recovery in the G7 nations and switching funds accordingly.

BZW has been nentral on emerging markets in general since December – although it still likes Korea as a story.

● The IFC is postponing "for an indefinite" period the entry of the China index to the composite and Asia indices, which had been planned for April 1.

Explaining the decision the IFC said that there were difficulties in "ensuring that cash dividends and corporate actions by Chinese companies are properly recorded in a timely fashion".

The IFC also said that it was increasing the market capitalisation of the Taiwan index constituents by $2.5bn from March 18, to reflect the greater openness of the market to foreign investors.

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES

Market	No. of stocks	Dollar terms: Mar 11 1994	% Change over week	% Change on Dec '93	Local currency terms: Mar 11 1994	% Change over week	% Change on Dec '93
Latin America							
Argentina	(25)	941.80	-4.0	-5.3	577,914.11	-4.0	-5.3
Brazil	(57)	331.96	+6.3	+42.6	330,638,849.4	+14.8	+225.4
Chile	(25)	619.54	+3.0	+12.3	1,072.92	+2.9	+12.6
Colombia[1]	(11)	877.89	-0.8	+36.2	1,272.44	-0.9	+37.3
Mexico	(69)	927.26	-4.2	-7.3	1,320.81	-2.2	-1.6
Peru[2]	(11)	149.70	-4.0	+23.8	199.09	-3.5	+25.2
Venezuela[3]	(12)	725.10	-13.0	+22.5	1,875.25	-12.3	+31.9
East Asia							
China[4]	(18)	113.20	-1.3	-24.2	124.45	-1.2	-24.2
South Korea[5]	(156)	124.04	-0.4	+5.0	131.94	-0.2	+5.1
Philippines	(18)	254.36	-1.6	-25.3	333.62	-2.0	-24.9
Taiwan, China[6]	(90)	116.80	-5.6	-12.1	117.70	-6.0	-12.0
South Asia							
India[7]	(77)	125.59	-0.7	+7.8	138.88	-0.6	+7.9
Indonesia[8]	(37)	106.89	-2.0	-14.3	124.60	-1.9	-12.5
Malaysia	(105)	272.66	-2.3	-19.6	273.90	-2.4	-18.7
Pakistan[9]	(15)	435.21	+0.6	+12.2	599.85	+0.8	+13.6
Sri Lanka[10]	(5)	226.15	-3.9	+27.6	241.11	-4.1	+26.3
Thailand	(55)	362.47	-3.2	-24.1	364.42	-3.1	-24.6
Euro/Mid East							
Greece	(25)	269.28	+0.7	+18.3	447.34	-0.9	+16.3
Hungary[11]	(5)	236.80	+2.3	+43.2	292.36	+1.4	+44.8
Jordan	(13)	175.42	+1.0	+6.0	253.70	+1.5	+6.0
Poland[12]	(12)	1,281.84	+2.0	+56.7	1,783.11	+2.3	+61.5
Portugal	(25)	132.19	+3.5	+16.2	157.50	+1.9	+14.0
Turkey[13]	(40)	109.41	-11.2	-48.5	1,036.92	-8.0	-28.7
Zimbabwe[14]	(5)	291.81	+7.7	+44.3	347.37	+6.7	+62.6

Indices are calculated at end-week, and weekly changes are percentage movement from the previous Friday. Base date: Dec 1988=100 except those noted which are: (1)Feb 1 1991; (2)Dec 31 1992; (3)Jan 5 1990; (4)Dec 31 1992; (5)Jan 3 1992; (6)Jan 4 1991; (7)Nov 5 1992; (8)Sep 28 1990; (9)Mar 1 1991; (10) Dec 31 1992; (11)Dec 31 1992; (12)Dec 31 1992; (13)Aug 4 1989; (14)July 2 1993.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	TUESDAY MARCH 15 1994: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	MONDAY MARCH 14 1994: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 1993/94 High	1993/94 Low	Year ago (approx)
Australia (69)	176.88	-0.1	175.83	118.69	155.99	163.49	-0.3	3.31	177.12	175.71	118.55	155.60	164.01	189.15	130.19	134.15
Austria (17)	189.67	-0.1	188.54	127.47	167.53	167.39	0.3	0.93	190.11	188.59	127.23	167.00	166.89	195.41	139.83	147.40
Belgium (42)	169.80	-0.3	168.79	113.93	149.74	146.31	0.1	3.59	170.33	168.97	114.00	149.63	146.19	170.76	141.92	145.15
Canada (107)	136.73	0.4	135.91	91.74	120.57	135.00	0.7	2.49	136.19	135.11	91.15	119.64	134.12	145.31	121.48	123.84
Denmark (32)	270.09	0.0	268.47	181.22	238.16	243.22	0.5	0.96	270.19	268.03	180.83	237.35	241.84	275.79	195.66	198.79
Finland (22)	146.58	-2.0	145.71	98.36	129.27	170.41	-1.2	0.85	149.65	148.46	100.15	131.46	172.57	156.72	70.02	71.02
France (99)	180.71	1.3	179.63	121.26	159.38	163.42	1.7	2.84	178.47	177.05	119.45	156.78	160.72	185.37	149.60	156.25
Germany (59)	136.65	0.2	135.83	91.68	120.50	120.50	0.6	1.72	136.38	135.27	91.28	119.79	119.79	142.38	107.59	113.04
Hong Kong (56)	403.12	-1.3	400.71	270.49	355.50	399.82	-1.3	2.64	408.41	405.15	273.35	358.79	405.12	506.56	233.84	233.84
Ireland (14)	192.30	-0.1	191.15	129.03	169.58	188.91	0.1	3.16	192.53	191.00	128.86	169.14	188.74	209.33	141.63	141.94
Italy (69)	77.57	0.5	77.11	52.05	68.41	98.84	0.6	1.74	77.21	76.60	51.68	67.83	98.26	78.93	56.21	59.15
Japan (469)	155.10	0.0	154.17	104.07	136.78	104.07	0.2	0.78	155.16	153.92	103.85	136.31	103.85	165.91	114.51	114.51
Malaysia (69)	488.86	-0.4	485.94	328.02	431.11	515.03	0.0	1.47	490.78	486.88	328.48	431.15	516.03	621.63	274.40	274.40
Mexico (18)	2089.97	-4.7	2077.47	1402.34	1843.06	7597.85	-2.9	0.86	2192.23	2174.75	1467.22	1925.83	7826.79	2647.08	1431.17	1527.55
Netherland (26)	202.88	0.1	201.67	136.13	178.91	176.44	0.5	3.11	202.72	201.11	135.68	178.09	175.61	207.43	163.03	163.03
New Zealand (14)	70.37	1.8	69.95	47.22	62.06	64.83	1.7	3.59	69.16	68.61	46.29	60.75	63.76	77.59	48.48	45.84
Norway (23)	201.98	0.3	200.77	135.53	178.12	201.27	0.7	1.63	201.40	199.79	134.79	176.92	199.87	206.42	149.77	151.09
Singapore (45)	320.46	-0.1	318.55	215.03	282.61	234.39	0.1	1.75	320.86	318.30	214.75	281.87	234.25	378.92	213.57	213.57
South Africa (60)	270.25	1.2	268.63	181.33	238.32	269.05	1.9	2.06	267.15	265.02	178.80	234.68	264.07	280.26	161.99	164.84
Spain (42)	149.14	0.7	148.25	100.07	131.52	167.21	1.2	3.72	148.10	146.91	99.12	130.10	155.31	155.79	116.33	125.83
Sweden (36)	221.09	-0.6	218.77	148.35	194.98	257.95	-0.2	1.47	222.39	220.62	148.84	195.37	258.59	230.02	154.79	157.38
Switzerland (46)	163.91	0.3	162.93	109.98	144.55	146.49	0.9	1.54	163.45	162.15	109.39	143.59	145.18	178.56	112.27	113.70
United Kingdom (215)	200.09	0.8	198.89	134.26	176.45	198.89	1.0	3.67	198.58	196.97	132.89	174.43	196.97	214.96	169.01	169.01
USA (518)	190.11	0.0	188.97	127.56	167.65	190.11	0.0	2.79	190.16	188.65	127.27	167.05	190.16	196.04	176.91	184.34
EUROPE (745)	171.40	0.5	170.38	115.01	151.15	163.63	0.9	2.80	170.50	169.14	114.11	149.79	162.22	178.58	138.88	139.46
Nordic (113)	213.37	-0.6	212.09	143.17	188.15	217.35	-0.1	1.27	214.68	212.96	143.68	188.59	217.65	220.60	145.85	147.22
Pacific Basin (722)	164.54	-0.1	163.56	110.41	145.11	114.79	0.1	1.06	164.74	163.43	110.26	144.75	114.67	169.80	118.11	119.11
Euro-Pacific (1467)	167.24	0.1	166.24	112.22	147.48	133.92	0.4	1.60	166.99	165.65	111.76	146.69	133.35	170.76	127.32	127.32
North America (625)	186.79	0.0	185.67	125.33	164.72	186.28	0.0	2.77	186.81	185.32	125.03	164.11	186.28	192.73	173.70	180.60
Europe Ex. UK (530)	152.39	0.4	151.48	102.25	134.38	142.37	0.8	2.27	151.81	150.60	101.61	133.36	141.23	155.73	120.02	121.04
Pacific Ex. Japan (253)	256.66	-0.6	255.13	172.22	226.34	235.06	-0.6	2.60	258.18	256.12	172.80	226.81	236.40	296.21	164.34	164.34
World Ex. US (1652)	168.63	0.1	167.63	113.15	148.71	137.20	0.4	1.61	168.45	167.10	112.74	147.98	136.64	172.51	128.45	128.45
World Ex. UK (1955)	172.31	0.0	171.28	115.62	151.96	149.40	0.2	2.00	172.34	170.96	115.34	151.39	149.14	175.58	144.13	144.13
World Ex. So. Af. (2110)	174.17	0.1	173.13	116.87	153.60	152.89	0.2	2.16	174.09	172.70	116.51	152.93	152.58	178.56	146.30	146.30
World Ex. Japan (1701)	187.13	0.1	186.01	125.56	165.02	182.79	0.3	2.73	186.94	185.45	125.12	164.22	182.31	195.20	163.82	164.54
The World Index (2170)	174.75	0.1	173.71	117.26	154.10	153.78	0.2	2.15	174.65	173.25	116.89	153.42	153.40	178.97	146.31	146.31

Latest prices were unavailable for this edition.

هكذا من الاصل